Daily Report

East Europe

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Foreign Ministry Statement on Greek 'Vengeance'

LD1409212994 Tirana Radio Tirana in English 1800 GMT 14 Sep 94

[Statement issued by the Albanian Foreign Ministry—read by announcer]

[Text] The Albanian Ministry of Foreign Affairs, concerning the statement of the Greek side on the so-called draft agreement for seasonal employment it has offered to the Albanian side, declares: The repeated request for a draft agreement on the current Albanian immigration in Greece was made to Greek Foreign Minister Karolos Papoulias during his visit to Albania last November. The Greek side forwarded a project on the seasonal employment after five months, in March 1994. The essential problem—that is, the treatment of the issue of Albanian migrants in Greece—was not at all discussed.

This statement takes place when the Greek politicians have rejected any possibility for dialogue soon after the meeting of the two foreign affairs ministers (?February) 1994. But contrary to this, Greece has expelled 15,000 Albanian migrants. This proves once again that this statement is a testimony to the paradoxes of the Greek policy, which has considered the massive expulsion as a vengeance on the trial against the five minority members in Tirana.

Now the Greek side puts the blame on the Albanian side for the so-called draft project. By not treating the economic immigration of the Albanians in Greece in this draft and making such statements, the Greek side tries to conceal the fact that the Albanian migrants are not judicially protected. Thus, they become protectors of the exploitation of the work of the Albanians by the Greek employers, something which runs contrary to the international norms.

Slowdown Noted in Refugee Influx From Greece

LD1409213894 Tirana Radio Tirana in English 1800 GMT 14 Sep 94

[Text] The influx of the return of the Albanian refugees from Greece has started to be lower. According to the correspondents of Radio Tirana, on Tuesday 60 people were returned from the border crosspoint of Kakavije, while today until midday, the number of the deported refugees had reached 100 alone. Meanwhile, the crossing of the border by the Albanian citizens to Greece had not started yet. Exceptions have been made only for some inhabitants from the Greek minority zones.

Transportation of Toxic Waste to Germany Begins

LD1409231694 Munich ARD Television Network in German 1800 GMT 14 Sep 94

[Text] In Albania, soldiers acting under guidance from German experts have begun to transport containers of toxic waste back to Germany. A total of 465 tonnes of pesticides were produced in the GDR and transported to Albania two years ago by train and truck by a firm from Hanover which declared them to be humanitarian aid. Greenpeace said the toxic waste would now be loaded into seaworthy containers and taken to Hamburg by boat. The costs of around 9.6 million German marks will be met by the German Government.

Article Views Social Security Problems

AU1309134794 Tirana LAJMI I DITES in Albanian 1 Sep 94 p 1

[Article by G. Malo: "Are There Albanians Working in the 'Black Economy' in Albania?"]

[Text] According to approximate figures, there are 15,000 people throughout the country employed in the private sector. However, are all of them insured, or are some working in the black economy (without paying social insurance, and thus with no rights to a pension, paid annual leave, sick leave, handicapped pension, etc.)?

Let us take Tirana as an example. According to figures given to us by Arben Celiku of the Tirana social security office, at the end of July, 2,400 firms with a total of 11,568 employees, as well as 3,814 individuals were registered as paying social security contributions. "However, there are another 5,000 firms and individuals registered who have not made any contributions," Celiku says. According to a poll, most of the Albanian emigrants in Italy, Greece, etc., are not insured. Likewise, Italian employers in Albania do not insure the Albanians they employ. The Epoka company, we were told in the Tirana office, has declared that it is not engaged in any production activity, while the opposite is true, and its workers are not insured. A female worker at an Italian shoe firm sewing shoe uppers said: "On paper we are insured, but in reality nobody gets any social security benefits. The Italian owner does not give us any sick leave."

Afraid of being fired and losing vital wages, many people in the private sector do not ask their employers to pay their social security contributions.

Hundreds of cafes and restaurants in Tirana are full of waiters, barmen, and so on, but few of them have social insurance. There are also dozens of associations, economic, financial, religious, charity foundations, and so forth, operating in Tirana with Albanian employees that do not pay their social security contributions, as the laws of the country decree.

This is something, however, that is not confined to the private sector. There are a lot of problems, often paradoxical ones, in state organizations, too. The Ministry of Foreign Affairs pays contributions only for the ministry staff, and not for the personnel of our embassies abroad. There are also numerous enterprises, Army units, and Albanian or joint enterprises that have not paid their contributions.

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Social security specialists are worried about the black economy, but all they can do is identify the companies and individuals that have failed to pay, since they have no other powers. Similarly, the financial bodies, "notwithstanding the great help given to us"—as we were told in the Tirana office—also have a host of problems to face.

While the employers extract huge profits out of the black economy, the Albanian employees are suffering huge financial and moral losses. The state is thus not receiving the revenues that it needs for social security, and the citizens' dignity is falling to a low ebb.

Law on Personal Income Taxes Published

94P20771A Tirana FLETORJA ZYRTARE in Albanian No 1, Feb 94 pp 14-17

[Law No. 7786 dated 27 January 1994: "On Personal Income Taxes"]

[Text] On the basis of Articles 13 and 16 of Law No. 7491 of 29 April 1991, "On the Main Constitutional Provisions," upon recommendation of the Council of Ministers, the People's Assembly of the Republic of Albania had decided:

Article 1

Any person, Albanian or foreign, who realizes income must pay a tax on personal income, except for the cases in which this law stipulates otherwise. Resident natural persons are subject to taxes on income received from sources in Albania and outside Albania. Foreign natural persons are subject to taxes on income received from sources in Albania. Resident natural persons are those persons who are domiciled in or who reside in Albania for a period of more than 183 days of a tax year. Foreign natural persons are those natural persons who are not resident persons. Foreign resident natural persons who are covered by international government agreements are not subject to this law. Income received from activity, capital, goods, and services within the territory of Albania is considered to be received from sources in Albania.

Article 2

The following are the categories of taxable income:

1. Wages.
2. Compensation for individual services.
3. Income from competitions and lotteries.
4. Income from rental of housing units, shops, warehouses, land, and other things.

Article 3

The following categories of income are excluded from the personal income tax:

1. Income from gifts and inheritances.
2. Income from insurance.
3. Income from scholarships of pupils and students.
4. Income from pensions.
5. Income from interest on bank deposits.

Article 4

Some 4,000 leks of income a month are exempt from the personal income tax.

Article 5

The personal income tax for wages and compensation for individual services is calculated as follows:

1. For incomes ranging from 4,000 to 10,000 leks a month, the amount over 4,000 leks is taxed at 10 percent.
2. For incomes ranging from 10,001 to 20,000 leks a month, the tax is 600 leks plus 15 percent of the amount over 10,000 leks.
3. For incomes ranging from 20,001 to 30,000 leks a month, the tax is 2,100 leks plus 20 percent of the amount over 20,000 leks.
4. For incomes ranging from 30,001 to 40,000 leks a month, the tax is 4,100 leks plus 25 percent of the amount over 30,000 leks.
5. For incomes over 40,000 leks a month, the tax is 6,600 leks plus 30 percent of the amount over 40,000 leks.

Article 6

The personal income tax for creative work is 5 percent and for other types of personal income it is 20 percent.

Article 7

Any individual or enterprise who benefits from services, such as an employee-employer relationship, as well as from a relationship for individual services, withholds the personal income tax and deposits it in the state budget, at the same time as he withdraws the payments, in the manner specified by the Ministry of Finance.

Article 8

Any individual or enterprise which withholds personal income taxes from payments in accordance with Article 7 must register, make payments and record them in the manner stipulated by the Ministry of Finance.

Article 9

When the payments are withdrawn, the bank must certify the withholdings and deposits in the state budget related to the personal income tax.

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Article 10

An individual who realizes income of more than 4,000 leks a month, regardless of its source, must declare this income in the manner and form stipulated by the Ministry of Finance.

Article 11

Natural persons who are subject to the small business tax are not subject to the personal income tax.

Article 12

Resident natural persons are allowed to receive credit on their tax obligation as specified by this law for personal income taxes paid to another state. Under no circumstances should the amount credited for personal income taxes paid to another country exceed the amount of the tax obligation under this law.

Article 13

The Ministry of Finance will stipulate special methods for calculating the tax obligation for specific activities and professions, based on such factors as the total annual income, capital, and number of employees.

Article 14

The following are considered to be violations of the law:

1. Concealing or falsifying personal income.

2. Not recording personal income.

3. Not withholding and depositing personal income taxes.

4. Not filing a statement or filing late.

Article 15

The following measures are taken in case of the violations mentioned in Article 14 of this law, when they do not constitute penal acts:

1. In the cases mentioned in point 1 of Article 14 of this law, the guilty parties are subject to a fine which is five times the amount of the tax on the concealed income and must pay 100 percent of the tax on the concealed income.

2. In the cases mentioned in points 2, 3, and 4 of Article 14 of this law, the guilty parties are subject to a fine which is twice the amount of their tax obligation.

Article 16

Law No. 7585 of 14 July 1992, as amended by Law No. 7628 of 21 October 1992, "On the Personal Income Tax", and any other provisions which conflict with this law, are repealed.

Article 17

This law goes into effect immediately and is considered to be in effect as of 15 January 1994.

Promulgated by Decree No. 763 of 9 February 1994 by the President of the Republic of Albania, Sali Berisha

Decree on Pawns, Mortgages

94P20656A Tirana FLETORJA ZYRTARE in Albanian No 12, Nov 93 pp 763-768

["Text" of Decree No. 600 of 22 July 1993: "On Pawns and Mortgages"]

[Text] On the basis of Article 28, point 19 of Law No. 7491, of 29 April 1991, "On the Main Constitutional Provisions," upon recomendation of the Council of Ministers, I decree:

GENERAL PROVISIONS

Article 1

The debtor is responsible for fulfilling his obligations, with all his present and future property.

Creditors have equal rights to be paid out of the property of the debtor, according to the order of preference.

Articles 1-10 of this decree are implemented for all types of means of providing security for debts.

Article 2

A property can be encumbered by the owner as a means of security, for the purpose of providing security for the payment of a debt. The person who provides the security is called the broker. The person who assumes the security is the creditor or a third party who is specified by him. The creditors can be individual Albanians or foreigners as well as juridical persons. On the basis of this decree, mortgages, pawns, and liens are means of securing the fulfillment of an obligation.

A means of security can be given for an obligation which is conditional or in the future. One or more specific articles of property can be mortgaged as security for an obligation. An obligation can also be expressed in foreign currency and, in such a case, it will be converted into the currency of the country on the date that the income is actually received.

The amount of the obligation secured will be clearly stipulated in the respective contract, which will also include the amount of the interest on the sum specified in the contract or in the law, beginning with the date on which the security is placed, as well as the costs related to the creation, protection, and execution of the means of security.

A means of security can be provided by a creditor or by a third party which acts as a guarantor. In the second case, the broker can raise the same objections to the creditor that he could have directed to the debtor.

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Article 3

If a creditor transfers his credit which has been secured by pawn or by mortgage to another creditor, the latter automatically benefits from these means of security.

Article 4

A means of security can be presented to secure property which is not yet in the possession of the broker or which does not yet exist and, in this case, the security becomes effective in connection with such property immediately and automatically, as soon as the broker becomes owner of the property. If the property is being produced or constructed, the means of security for this property becomes effective in a progressive manner as the production or construction develops.

Article 5

When the property is encumbered by more than one lien, pawn, or mortgage, the loans secured are paid back according to the respective order of the registration of the mortgage or the creation of the lien or pawn.

An obligation secured by a mortgage or pawn has priority over any lien on the same property.

Article 6

Any subsequent buyer of an encumbered property receives the title along with the means of security. The owner or any third party holder of a property subjected to a means of security is obliged to maintain and protect the property and is also responsible to the creditor for any damages that might be caused to the property.

When the property which is mortgaged, pawned, or under a lien is damaged or lost, all the money received by the securer or the person or persons responsible for the damages, for payment for the losses and damages, will be used, in the first place, to satisfy the claims of creditors holding the means of security over this property.

Article 7

If the debt secured by the means of security is not paid for completely by the item which is pawned or mortgaged, the creditor has the right to claim the portion of the credit which has been paid, but without having the right to preferential treatment over other creditors.

OBLIGATORY EXECUTION

Article 8

A creditor who has secured his credit will have the right to expropriate the property serving as a means of security, if the debtor fails to carry out his obligations. As an alternative, the creditor can seek to have the property transferred to him.

Requests for expropriation or for transfer of property on the basis of articles 9 and 10 will be presented to the competent court, together with the contract and the document of registration in which it is applied. Within three days of the presentation of the file, the court will appoint a caretaker who will be required to take all the necessary measures to protect the encumbered property during the obligatory execution procedure.

Article 9

If there is a request for the expropriation of any secured property, within 30 days of the request, the court must examine the documentation and authorize the creditor to sell the property.

The expropriating creditors will put the property up for sale, following the method that, according to circumstances, obtains, in a reasonable manner, the maximum income from the sale.

The debtor has the right to seek the intervention of the court if he suspects that the creditor is exceeding or abusing his rights.

Article 10

If the creditor is asking that the property be transferred to him, within 30 days of the date that the request is made, the court must appoint an expert to evaluate the property. If the value of the property is greater than the value of the loan secured, the creditor who has sought to take over the property must deposit with the court the difference between the amount of his loan and the value of the property, which is determined by an evaluation by an expert.

PAWNS

Article 11

Pawns are created on the basis of contracts and only for movable items, for shares in limited joint-stock companies, stocks, items received as restitution, and loans. In the latter case, the third debtor must be notified in writing that the loan has been pawned.

The contract must be in writing and the signatures and the data must be certified by a notary or some other public official. The contract must also include an adequate description of the property that is being pawned. If shares in a company are being pawned, the pawn must be recorded in the book of partners of the company. If stocks are being pawned, the pawn must be recorded in the book of stockholders and on the pawned stocks.

After the agreement is signed, the pawn broker must deliver the pawned property or the document which shows that the creditor or another person specified by the creditor and the pawn broker have it in their possession.

A pawn broker can pawn all or a portion of the property used in an enterprise which operates as an active concern. In such a case, the pawn becomes effective when

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the properties are entrusted to a third party or a creditor who, on his part, will manage it as an indivisible active concern.

Article 12

The creditor has the right to keep the pawned property until the loan secured is paid back completely and is paid back, first of all, out of the income from the sale of the pawned property.

If this does not occur, the creditor can ask the competent court to rule that the pawned property should be transferred to him for the payment of a price which will be set by experts appointed by the court or the current value of the pawned property, if the property has a market price.

Articles 8, 9, and 10 will be complied with in the obligatory execution procedure.

Article 13

The creditor or the third holder of the property is obliged to safeguard the pawned property and is held responsible in the case of its loss.

Article 14

A pawn is no longer in effect if:

a) the loan secured is paid back completely;

b) the creditor returns the pawned property to the pawn broker;

c) the pawned property is destroyed.

MORTGAGE

Article 15

A mortgage gives the creditor the right to expropriate the mortgaged property and the right to pay any other creditor, in particular, out of the expropriation income.

Article 16

A mortgage becomes effective when it is registered. Mortgages can be registered only for unlicensed property.

A mortgage includes all the improvements and the constructions and other additions to the real estate which is mortgaged.

Article 17

When he presents his request to the competent court, the creditor can ask, as an alternative to his right on the basis of Article 15, that the mortgaged property be transferred to him. In such a case, the court will transfer the mortgaged property to the creditor who has made the request, specifying the value of the property which will be transferred, on the basis of an evaluation made by an expert appointed by the court.

The obligatory execution procedure is regulated by articles 8, 9, and 10 of this law.

Article 18

Any contract which creates a mortgage must be certified by a notary public or another public official.

A valid mortgage can be created by means of a contract concluded outside the country, when it is certified by a foreign notary or another foreign public official.

The contract will state the type, nature, and at least three boundaries of the mortgaged property, as well as the city or village in which it is located, a description of the property, the period of payment, the amount of the loan secured—expressed in the currency of the country and in foreign currency—and the interest rate.

The contract must also stipulate the creditor, the debtor, and the mortgage broker (if there is no debtor).

Article 19

The contract which creates the mortgage will be filed in the office of the registry of mortgages in the country in which the mortgaged property is located. As soon as the contract is presented, the registrar will put the time, date, and seal of the registry office on the original and on a copy of the contract and will put the mortgage in the registry. The registration number will be put on the original and on the copy of the contract.

Any person has the right to look at the register and to request that the office provide a copy of pertinent entries, for a nominal fee.

Article 20

The designation of a loan as secured by another creditor is effective beginning with the date on which it is registered in the registry of mortgages.

Article 21

Any buyer who receives a mortgaged property also receives the title of the means of security placed on this property. However, he can cancel the mortgage by paying off the loan completely.

Article 22

A mortgage is dissolved if:

a) the loan secured is paid off completely by the debtor or by the expropriation of the mortgaged property;

b) the mortgaged property is lost or destroyed;

c) the creditor relinquishes his mortgage rights.

Article 23

A mortgage registration is cancelled when it is dissolved in accordance with Article 22, but the written approval of the creditor is required.

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Cancellation can also be ordered by the court, when it notes that the mortgage has been dissolved in accordance with Article 22.

FINAL PROVISIONS

Article 24

This decree does not include means of security given by private individuals for activities other than business activity and it deals only with property used for business purposes.

Article 25

Means of security created on the basis of this decree are valid and must be implemented and they will not become invalid or nonimplementable with the issuance of any subsequent decree or other act.

Article 26

This decree goes into effect immediately.

President of the Republic, Sali Berisha

Countersigned by Prime Minister Aleksander Meksi

Changes to Decree

94P20656B Tirana FLETORJA ZYRTARE in Albanian No 12, Nov 93 p 769

["Text" of Law No. 7753 of 30 September 1993 on the Approval of Some Changes in Decree No. 600 of 22 July 1993 "On Pawns and Mortgages"]

[Text] On the basis of Articles 16 and 28 of Law No. 7491, dated 20 April 1991, "On the Main Constitutional Provisions," the Peoples Assembly of the Republic of Albania has decided:

Article 1

Decree No. 600 of 22 July 1993 "On Pawns and Mortgages" is approved with the following changes:

In Article 2, the last sentence of the first paragraph should read as follows: "The creditors can be Albanian or foreign juridical persons."

In Article 11, the first sentence of the second paragraph should read as follows: "The contract must be in writing and the signatures and the data must be certified by a notary public."

In Article 18, the first paragraph should read as follow: "Any contract which creates a mortgage must be certified by a notary public."

Article 2

This law goes into effect immediately.

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Berov Views Cabinet Record, Crisis Solutions

AU1409201194 Sofia TRUD in Bulgarian 9 Sep 94 p 9

[Interview with outgoing Prime Minister Lyuben Berov by Irena Marinova in Sofia on 8 September: "Cabinet Did Not Want To Be Saved; It Had Completed Its Mission"]

[Excerpts] On the day that the fate of the cabinet, which had been insulted and criticized from all directions, was decided, just minutes before it became clear that the cabinet's resignation had been accepted, Prime Minister Professor Lyuben Berov granted TRUD the following interview, in which his characteristics as a statesmen and man were expressed.

[Marinova] Prof. Berov, why did you demand an open vote on your resignation?

[Berov] In order to demonstrate the personal responsibility that each member of parliament assumes by his vote.

[Marinova] Why did you not demand an open vote when the parliament voted on the no-confidence motions?

[Berov] It was not my business to ask for such a vote. Now I initiate the moves, it is my turn. [passage omitted]

[Marinova] What cabinet will be formed?

[Berov] Cobbling together a cabinet from half the parliament is out of the question. Such a cabinet would not be able to function. What TRUD reported about a cabinet formed by the Bulgarian Socialist Party [BSP] and the Democratic Party is a total lie. However, if a cabinet is formed that unites the entire parliament—from Ludzhev to the BSP and the Union of Democratic Forces [SDS]—then I wish it luck. I will help such a cabinet if asked to do so.

[Marinova] Would you head such a cabinet?

[Berov] No, this will not happen. [passage omitted]

[Marinova] What criticism leveled at the cabinet a few moments ago from the rostrum of the National Assembly do you accept as justified?

[Berov] No cabinet or any human deed is without a blemish. First of all, this was not specific criticism, except the part about the chief of police (in the statement of SDS deputy Romil Popov). I think that what the deputies noted, namely, that we did not have a stable parliamentary majority, was fully correct. Under such conditions it was not parliament that supported the cabinet, but precisely the opposite. Occasionally, the cabinet had to support parliament in order to facilitate its functioning. There was no other way.

The criticism of the fact that we were probably unable to find the most suitable variant of economic policy was also correct. However, we had no choice, because from the very beginning the cabinet was elected on the basis of an anti-inflationary program. [passage omitted]

[Marinova] Was it possible to save this cabinet?

[Berov] The cabinet did not want to be saved; it had completed its mission. It had done what it could in such a state and under such conditions. Such a cabinet could not function any longer.

[Marinova] Could the cabinet have done more?

[Berov] Of course, it always is possible to do more. [passage omitted]

[Marinova] Do you think that the variant proposed by the BSP—that the president appoints your cabinet as a caretaker cabinet and elections take place within two months—is good for the country?

[Berov] A caretaker cabinet must be formed. Whether it is precisely this variant that will be applied is a question that you should address to the president. If we are compelled, we will continue these functions for two months. Afterward—elections and a new cabinet. [passage omitted]

[Marinova] Did someone apply pressure on you to resign?

[Berov] No. I am a tough cookie.

SDS Deputies Fail To Decide on Cabinet Mandate

AU1409191094 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 14 Sep 94

[Text] The SDS [Union of Democratic Forces] parliamentary group failed to reach a decision today on whether to accept a mandate to form a government, [SDS parliamentary group leader] Stefan Savov informed correspondents following the meeting.

At the meeting, Ventseslav Dimitrov and Georgi Markov argued in favor of the SDS forming a cabinet. According to the former, there was some chance of creating a new, noncommunist majority in the current parliament. This majority would support an SDS government with a clear program. Stefan Savov, however, voiced the view that the 30 or so members of the SDS parliamentary group that support Filip Dimitrov's policies would vote against forming an SDS cabinet during the term of the present parliament. Georgi Markov urged the group to accept the mandate because anything else would be tantamount to putting the government into the hands of the Bulgarian Socialist Party.

DPS Wants Parliament To Choose New Cabinet

AU1409160294 Sofia Khorizont Radio Network in Bulgarian 1500 GMT 14 Sep 94

[Report by Silviya Velikova]

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[Text] Parliament should try to form a quorum to form a stable government capable of assuming a definite commitment—this was the view that the leadership of the Rights and Freedoms Movement [DPS] expressed to President Zhelyu Zhelev at a meeting today that formed part of the political consultations on forming a new government.

However, according to Ahmed Dogan [DPS leader], one should not try to form a cabinet at any price. The country needs a stable government that can remain in office for a year. This government should commit itself to bringing the crime rate under control and advancing the reforms in the country. In the view of the DPS, the chances of forming such a government are slight, but the DPS political leadership declared to the journalists that despite this, it is prepared to support any parliamentary force that takes on the task of producing such a cabinet.

Ahmed Dogan said that the issue of amendments to the Constitution is a complex one that requires further consultations between the political forces.

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Klaus Does Not Rule Out Split Within Coalition

LD1309152694 Prague Radiozurnal Radio Network in Czech 1000 GMT 13 Sep 94

[Text] In view of the coming meeting of the four coalition parties to discuss questions of public administration, we asked Prime Minister Vaclav Klaus if he agrees with the opinion of Jan Kalvoda [Civic Democratic Alliance chairman and deputy prime minister], who considers that the coalition lacks agreement on the basic concept of the reform of public administration.

[Begin Klaus recording] I cannot say that I could agree with this basic proposition. There is no agreement in the coalition on many of these matters, but there should be agreement about one thing—about the very concept of the transformation of our country. That transformation, as I believe the vast majority of citizens knows, was not the predrawing of a definitive state of affairs or the preparing of everything to be handed over as a completed product on 27 December nineteen hundred and something or two thousand and something.

I would therefore be disappointed if one major coalition partner suddenly wanted to turn the fundamental transformation strategy in our country, on which the success of the transformation was founded, into something that had been finished off and that now we should agree on everything and now we shall implement it. That is just not possible, and I have a feeling that if it really is so, we really are at variance over the fundamental concept. [end recording]

Prime Minister Explains Support for Employees

AU1509104494 Prague LIDOVE NOVINY in Czech 9 Sep 94 pp 1, 3

["Regular interview" with Prime Minister Vaclav Klaus by Eva Martinkova; place and date not given: "Prime Minister V. Klaus Answers LIDOVE NOVINY"]

[Excerpt] [Passage omitted] [Martinkova] Some employers criticize you for promoting the interests of the employees rather than the employers. Are you not concerned that you might lose the support of the small and medium business community as a result of the enormous tax burden?

[Klaus] I must frankly say that [illegible] prime minister, I cannot be under the thumb of a s[illegible] group of citizens, however worthwhile their activity may be. I must be prime minister to all citizens of this country. I must endeavor to pursue the balanced interests of all groups of citizens, and the small and medium business community is only one of many groups. The idea that it should be receiving special favors from politicians is not practical. If spokesmen for the businessmen gave it thought, they certainly would have to agree. On the other hand, such criticism would be justified if our business community's burden were growing heavier. I must say that the government constantly tries to reduce taxes and other burdens of the business community, and, unless one is blind, one must admit that that is the case. [passage omitted]

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Visegrad Defense Ministers Issue Statement

AU1409145994 Bratislava SME in Slovak 7 Sep 94 p 4

["Communique on the Meeting of Defense Ministers of the Visegrad Group in Bratislava on 5 September 1994"]

[Text] At their meeting on 5 September 1994, Hungarian Defense Minister Gyorgy Keleti, Polish Defense Minister Piotr Kolodziejczyk, Slovak Defense Minister Pavol Kanis, and the first deputy defense minister of the Czech Republic, Jiri Pospisil, praised their mutual relations and cooperation, expressed their wish to continue developing military relations while integrating into the transatlantic security structures within the framework of the Partnership for Peace, and acclaimed the strengthening of the security and stability of the Central European region.

The participants acknowledged with satisfaction that the January North Atlantic Alliance summit had confirmed the reinforcement of the strong transatlantic partnership between North America and Europe, the building of European security structures, and the opening of the Alliance to other European countries building democracy (the Partnership for Peace).

The heads of the defense departments discussed the current state of the participation of the individual countries of the Visegrad Group in the Partnership for Peace program. They are convinced that it is a step in the right direction that supports the idea of security, stability, and trust; intensifies relations among the countries; and leads to the extension of cooperation between NATO and the states of Central and East Europe.

The delegation heads believe that permanent common security within the framework of the European Continent follows from respecting the interests of states and regions. The security of states cannot be guaranteed by military means alone. The current understanding of its balance is affected by the economic situation. These principles must have their place in the future concept of European security.

The delegation heads agreed to a meeting of experts, who will discuss the methods of cooperation in accordance with the individual Partnership for Peace programs.

The delegation heads agreed to meet in Budapest in May 1995.

Crime-Fighting Agreements Signed With Slovenia

LD1409181594 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 14 Sep 94

[Excerpt] Slovene Internal Affairs Minister Andrej Ster arrived in Slovakia last night for a one-day visit. This morning, Ster and Slovak Interior Minister Ladislav Pittner signed agreements on handing over nationals at state borders, on cooperation in combating terrorism, on unsanctioned narcotics trade, and on organized crime.

The two ministers told journalists at a news conference about the importance of these agreements. The radio was represented by Oto Goerner.

[Goerner] Speaking about the signed agreements, Ster said he believed they would become an important step in consolidating the all-around cooperation between our countries. Pittner added:

[Begin Pittner recording] The formal aspect of our cooperation has been fulfilled by signing these two intergovernmental agreements. The intergovernmental agreement that I regard as being of great importance is combating organized crime. It includes drug-related problems, chemical precursors, money laundering, and problems related to other forms of organized crime.

The essence of this agreement is the ways and forms of exchanging information about these issues. It also contains clauses about keeping this information confidential because of the sensitive nature of this sphere.

The agreement contains a clause saying that the Slovak Ministry of Health and Ministry of Labor and Social Affairs are also a part of this agreement. I would like to highlight the necessity of maintaining personal contacts. We have had more and more evidence that this kind of cooperation is not, in fact, possible without personal contacts. [end recording]

[Goerner] According to Andrej Ster, criminality in Slovenia is related to the conditions in the country because Slovenia is a young democracy.

The agreement on handing over nationals at the border does not apply to people from third countries and deals with questions of illegal migration between Slovakia and Slovenia. [passage omitted]

Prime Minister Outlines Government's Achievements

AU1409114194 Bratislava NARODNA OBRODA in Slovak 8 Sep 94 p 3

["Substantial part" of the speech delivered by Prime Minister Jozef Moravcik on Slovak Television on 6 September: "A Tale of 15 Billion and Misleading the Public"]

[Text] On 6 September, we carried a comprehensive report on a press briefing given by the Movement for a Democratic Slovakia at which serious reservations were expressed about the results achieved by the Moravcik government. True to the principle that "it is also necessary to listen to the other side," we are now publishing a substantial part of the speech made by Prime Minister J. Moravcik on Tuesday's Pressclub program, in which he assessed the results of the five months of his government.

At meetings with citizens and journalists in recent days and weeks, however, very imprecise figures have been cited, and very incorrect claims have been made about the government's activity, which is misleading the public. In the interest of the election campaign's correctness, I would like to say a few words about the results of the government's activity and about what we can expect in the future on the basis of the measures adopted in recent months.

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We entered office with the knowledge that it was also necessary to begin dealing with long-term issues immediately, simply in order not to lose time.

The economy is showing signs of recovery. The gross domestic product rose by 4.4 percent in the first half-year, compared with the first half-year of 1993; a rise of 5.3 percent was recorded in the second quarter. This is higher than, for example, in the Czech Republic. The forecast that inflation will not exceed 12 percent is realistic. For comparison, it reached almost 25 percent last year. The claim that the current government means a loss of 15 billion Slovak korunas [Sk] for society is nothing but a groundless tale.

A state budget deficit in one year, including relatively high interest, has to be repaid in subsequent years. We will have to obtain more from taxes and duties so we can pay the debt. Therefore, we have to reduce the large budget deficit. The previous government generated a deficit amounting to Sk24 billion last year. This year, we have to devote 17 percent of the overall budget to repaying debts and interest alone.

As soon as it entered office, the government dealt with the risks in the budget because the situation in the education, health-care, and justice systems, in particular, was dreadful. Let us recall that school refectories and kindergartens were beginning to be closed down, and the closure of entire departments in hospitals was being considered. A crisis option was drawn up, according to which medicines and health services could not be provided to their full extent. In the social sphere, there was danger that the payment of child allowances might be suspended. The courts no longer had enough money for postage. So, in its very first days, the government was faced with the dilemma of whether to ask for more funds from the population and enterprises immediately, in the form of increasing certain taxes, so that schools, hospitals, and the courts could operate or to increase the debt and ask for these funds in the years to come. We found ourselves in this dilemma because we took over a poorly formulated state budget. After recalculating it, more than Sk10 billion was missing. We decided in favor of the first option, even though we realized that raising taxes immediately before an election is extremely unpopular. A deficit of Sk14 billion is planned for this year. As of 2 September, the deficit was Sk7.0 billion.

The deficit will fall to Sk5.8 billion following the levying of some of the profits from the National Bank of Slovakia.

Eradicating the discrepancies in the budget is this government's gift to the new government. The assertion by the former prime minister that we will leave behind a 50-billion deficit is a gross lie.

The same sources usually reproach us for traveling a lot and claim that foreign countries have not accepted us and that they are merely considering cooperation with us. However, look at the results. The national bank's foreign currency reserves amounted to $318 million at the beginning of the year. Now they are already a billion more and amount to $1.319 billion.

The increase was achieved for the most part by improving our exports. We have succeeded in stopping our exports from lagging behind our imports.

International circles recognize this government's economic policy. If someone claims that this is not the case, let him at least come up with some proof. The positive results would not have been possible if we had sat at home with our arms folded and waited for the election and if foreign countries had not respected us.

It is true, however, that some important foreign investors are waiting for the election results, to see whether the favorable political atmosphere can be maintained after the election. Those who want or would like to cooperate with us know very well who in our country is telling lies, who is being misleading, and who is systematically provoking conflicts. It is natural that they are interested in the situation in our country because, if they want to invest here, the issue involves their money.

We had two main aims in privatization: to ensure that the privatization process is interlinked more with the government's economic policy and to prepare coupon privatization. The appropriate ministry considered the privatization projects of 195 enterprises and issued 113 decisions; the government adopted more. Privatization has acquired the necessary dynamism, which is unquestionably positive. In other words, prolonging the preprivatization agony causes losses.

Property worth approximately Sk50 billion has now been prepared for coupon privatization. The claim that the amount of property is only about Sk10 billion and that the whole thing will have to be begun again is crude demagoguery, misleading the public and playing with public opinion.

The privatization of the power-generating enterprises and the gas industry has become the subject of bitter debate. Previous governments made the decision to privatize them. The preparations were begun in 1991. The concept was approved in July 1993. We are aware that, in this privatization, we have to proceed very carefully with emphasis on the strategic, economic, and security status of the power-generating and gas systems. The course of action chosen by the government respects this. It guarantees sufficient influence by the state in the decisionmaking of the privatized enterprises. At the same time, the government wants to create the conditions for economic competition and to enforce supervision of these natural monopolies. In such a way, the cost of electricity should not go up; it should even go down.

We expressed an important principle in the government's policy statement—the social tolerability of the transformation of our society.

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In the interest of this, we have acceded to raising pensions, and we have increased wages in the sectors most affected: education and health care. We realize that it is necessary to continue on this path and to balance out the rises in the cost of living for the sectors of the population containing the weaker income groups. If development in the state budget continues as it has until now, it will be possible to adopt more such measures this year.

Elections are an expensive business. The costs are in excess of Sk200 million. It will be worth it if the election campaign becomes a competition for the best and most realistic concept for Slovakia's development. Therefore, we should all reject and condemn the deliberate disparagement and scandalizing of the candidates and their parties according to the slogan "A lie repeated 100 times will eventually become the truth." Otherwise, the cost of the election will be a waste of valuable resources.

Moravcik Explains Alleged Past Links to KGB

AU1409123494 Bratislava PRAVDA in Slovak 7 Sep pp 1-2

[TA SR report: "What Is Hiding Behind the Club of the Leninist Spark?"]

[Text] Bratislava—The Club of the Leninist Spark [Leninska Iskra] was clearly interested in activities related to reforms in the entire Eastern bloc that were started by Mikhail Gorbachev after 1985. Prime Minister Jozef Moravcik said this yesterday in an interview for TA SR in connection with his involvement with this group. He added that it was established in 1986 with the objective of promoting a new mode of thought in the former Czechoslovakia, where the reform actually did not start.

Thereby, Moravcik responded to the statements made by Vladimir Meciar. At a news conference on 4 September, the HZDS [Movement for a Democratic Slovakia] chairman described as a paradox the information that Moravcik, who was involved with the Leninist Spark, took under his auspices the conference on crimes of communism that is currently being organized and is to take place in Zvolen later this month. The Leninist Spark, according to Meciar, was controlled by the consul general and had four instructors who commuted from Moscow. At the HZDS meeting in Bratislava on 5 September, he added that the Leninist Spark was under the command of Soviet state security.

"We held the opinion that such reforms are necessary, and our activity corresponded to this belief," the prime minister continued. The operation of the group was stopped as a result of the interference by the State Security (StB). It revived its operation in September 1989 at the Law School of Komensky University. Only one meeting took place, however, because the social-political changes began in November.

TA SR also obtained a statement on the Leninist Spark from the director of the Slovak Information Service (SIS), Vladimir Mitro. He said that, after the partition of Czechoslovakia, the relevant files of the former StB had been assigned to them and that the files are at their disposal. The division of files applied also to the Scarab file, which contains documents on the operation of the Club Leninist Spark. Thereby, he responded to Meciar's claim at the news conference in Bratislava on 4 September that the SIS has the relevant documents but denies it. The HZDS chairman stated, among other things, that the operation of the Leninist Spark has not been investigated by anyone in the country and that no one has revealed what is behind it.

"The content of the file indicates that the former StB began to follow the activity of the members of the Leninist Spark in 1987, with the intent of documenting its activity as suspicious of the at-the-time criminal offense of incitement according to Article 100, Paragraph 1 of the law because the activity of the Leninist Spark members was oriented against the socialist social and state system." As Mitro states further, the file was active until January 1989. "The content of the file unequivocally manifests that it was typical counterintelligence work against people hostile to the then regime," the SIS director states.

Mitro points out in the statement that, because the present legal norm and ethics of intelligence work rule out giving specific data, he considers "this statement in the context of what has been published the maximum possible to inform the public."

Kukan Rejects Criticism of Foreign Ministry

AU1509101094

[Editorial Report] Bratislava SLOVENSKA REPUBLIKA in Slovak on 31 August and 5 September publishes statements by two Slovak ambassadors who have recently been recalled from their posts, in which they criticize the Slovak Ministry of Foreign Affairs as a bastion of Moscow-trained "Czechoslovakists" and opponents of Slovak independence. Bratislava PRAVDA in Slovak on 7 September on page 7 carries a 1,200-word article by Minister of Foreign Affairs Eduard Kukan entitled "I Am Not Unamenable to Criticism." In the article, Kukan reacts to "critical comments that have recently been addressed to the Ministry of Foreign Affairs of the Slovak Republic."

Bratislava SLOVENSKA REPUBLIKA in Slovak on 31 August on page 4 carries a 2,300-word interview with Ivan Spiska, former ambassador to Maghreb countries based in Algeria, by an unidentified SLOVENSKA REPUBLIKA reporter entitled "They Do Not Hold Dear Slovak Statehood at the Ministry." In the interview, the place and date of which are not given, Spiska, whom the Slovak Government "recalled" from his post with effect from 15 September 1994, discusses the difficult conditions under which he had to work in Algeria and criticizes the Ministry of Foreign Affairs' leadership. Spiska dismisses the official justification of his removal ("shortcomings in the management of the representative mission"), saying that "the reasons are clear and transparent—Meciar's people have to be liquidated wherever possible. That is the priority for

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them. What repercussions this will have in the world is regarded by these careerists, former socialist and Czechoslovak diplomats, as secondary." Spiska charges that Slovak embassies are "guided according to the practices of the former CSFR Ministry of Foreign Affairs—that is, in fact, according to the practices of former socialist Czechoslovakia, by people, most of whom are graduates of the Moscow institute for diplomats and foreign service personnel." He voices skepticism about the ability of Moscow-trained diplomats who had served "Prague" all their lives to serve the independent Slovak state and stresses the need for a new Ministry of Foreign Affairs leadership, one that would be "wise, experienced, and dedicated to the Slovak cause."

Bratislava SLOVENSKA REPUBLIKA in Slovak on 5 September on page 4, under the headline "Through Resignation to Responsibility," carries a 3,000-word "open letter" sent by Jan Szelepcsenyi to Prime Minister Moravcik, Foreign Minister Kukan, and Defense Minister Kanis on 19 August, after he learned that the government had recalled him from the post of Slovak ambassador to Turkey. Apart from complaining about the "catastrophic" financial situation of Slovak missions abroad and the lack of communication and coordination between the Foreign Ministry and embassies, Szelepcsenyi also criticizes the fact that the independent Slovak state heavily relies on diplomats who built their careers "within the framework of the socialist Czechoslovak Federation." Without mentioning any names, he points out that many Slovak diplomats do not even have permanent residence in Slovakia, their families live in Prague, and their children attend Czech schools. Szelepcsenyi also criticizes the fact that the new state's diplomats have not been required to "swear loyalty" to the Slovak state, which, in his opinion, also has "a dramatic state security aspect."

In conclusion of his "open letter," Szelepcsenyi voices the view that the dismissal of the Meciar-led government in March 1994 was "an unconstitutional and undemocratic act that can calmly be labeled a parliamentary putsch" and calls on the three addressees of his letter to resign.

In his article in the 7 September issue of Bratislava PRAVDA in Slovak, Minister of Foreign Affairs Eduard Kukan reacts, without specifically referring to the two SLOVENSKA REPUBLIKA items, to recent press criticism of his ministry. He concedes that the ministry is "not free of problems," most of which, he says, "result from limited financial and material conditions."

Kukan then responds to individual charges that have recently been leveled against his ministry. Reacting to the criticism that Slovak embassies are guided according to the "practices of the former Federal Ministry of Foreign Affairs [FMZV] and by people, most of whom had studied in Moscow," Kukan says that only those organizational and methodological principles of the former FMZV have been adopted that "have passed the practical test." In addition, Kukan says, the ministry also uses "elements and methods" that have been assimilated on the basis of studying the experience of other foreign countries, "particularly Austria and the Scandinavian countries." Speaking about the Slovak Foreign Ministry staff, Kukan says: "Former FMZV employees far from represent the dominant part of the ministry's staff and only some of them had studied in Moscow, mostly at the time of social changes there, which in itself was a certain school of life." In the minister's opinion, "only those who are ill-informed or who want to twist the truth and mislead the public can speak about the dominance of 'Prague' diplomats, of employees who had served in previous federal diplomacy. Of all of the present acting ambassadors, 27 joined the foreign service after 1989, in connection with the creation of new Slovak diplomacy, and only 12 present ambassadors had worked at the FMZV before 1989—none of them, however, as ambassador." Kukan stresses that he makes no distinction between "old" and "new" ambassadors and is concerned only about the quality of their work. To prove this, he praises the work of a number of ambassadors who had been appointed under Vladimir Meciar's government, such as Branislav Lichardus (United States), Anton Hykisch (Canada), Jozef Dravecky (Bulgaria), and Eva Mitrova (Hungary).

In the subsequent section of his article, Kukan justifies the decision to recall the ambassadors to Maghreb countries and Turkey. Without mentioning Spiska and Szelepcsenyi by name, Kukan says: "After considering all circumstances, I proposed that two of our ambassadors be recalled. It is not customary in foreign service to publish names or reasons in such cases. In the meantime, however, the two gentlemen have themselves taken care of publicity, which is of no benefit to Slovakia and will hardly be of any benefit to them.

"As has become fashionable in our country, one of the recalled ambassadors passes himself off as protector of 'Slovakness' at the ministry, as a man for whom the interests of Slovakia come first. For quite some time, however, this gentleman violated labor discipline, which did not cast a favorable light on the representative mission and did nothing to improve Slovakia's good name. For example, one of the elementary principles is that the head of a diplomatic mission must not leave the country in which he serves without authorization from the center. He did so in defiance of an explicit ban. He neglected the fulfillment of basic tasks, and a ministerial inspection found gross irregularities in the management of economic affairs. Obligatory records were not being kept, and security regulations and direct instructions from the minister were being violated. The inspection ascertained unauthorized purchases at a time of strict austerity measures. Everything has been documented, and the sums involved are not small. This money was to have been saved or spent otherwise. Repeated warnings remained without adequate response. To 'rationalize' one's dismissal as an anti-Slovak stand is misleading. The Slovak Ministry of Foreign Affairs is the body of a young diplomacy. It is not and can hardly be completely without mistakes. These mistakes have to be eliminated, however. If people make mistakes and are unable to eliminate them, for one reason or

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another, it is essential to take even steps such as the aforesaid two proposals. When I made them, I was acting with the awareness of supreme responsibility for the institution I lead and for the Slovak Republic, which I represent."

In conclusion, Kukan reiterates that he is open to criticism but stresses that this criticism must be well founded and aimed at improving the ministry's performance. "I can hardly accept critical standpoints that do not have a rational core and professional standard and that are at variance with the truth and, in particular, with the goals we pledged to fulfill," he says.

Benes Decrees Relevant to Slovaks, Hungarians

94CH0406A Bratislava MOSTY in Slovak 16 Aug 94 p 7

[Article by Otto Simko: "The Past Casts a Shadow on the Present"]

[Text] Almost a hundred decrees issued by President Benes between 1940 and 1945 restored the constitutional structure of the Czechoslovak Republic [CSR] shattered by the Munich diktat, the destruction of the CSR, the occupation of Bohemia and Moravia, and the independence of Slovakia. The president was issuing decrees until the fall of 1945, when the Provisional National Assembly took up its legislative duties. On 28 March 1946, the parliament, by a constitutional law, approved all of the decrees of President Benes and made them into law, by which they became part of the Czechoslovak body of laws. Among the decrees contested before the Constitutional Court of the Czech Republic [CR] is Decree No. 108/1945, which provided for the confiscation without compensation of the assets of people of German and Hungarian nationality.

Constitutional Decree No. 33/1945, issued on 2 August 1945, stripped Germans and Hungarians of Czechoslovak citizenship, with the exception of those who, during the time of heightened danger to the Republic, registered themselves as Czechs or Slovaks, remained loyal to the CSR, were themselves suffering under the fascist terror, or actively participated in the fight for liberation.

The mass transfer of Germans from the CSR was carried out in three waves, the first having taken place during the last month of the war, when exponents of the fascist regime were fleeing from the state's territory ahead of the Soviet army. The second wave was the so-called wild transfer, and the third followed after December 1945 under the supervision of the Allied Control Council, the International Red Cross, and the CSR government agencies, as laid down at the Potsdam Conference. During the wild transfer, there were incidents and tragic events, among them the one on the bridge in Usti nad Labem. According to accounts by Czech historians, of the total number of transferred Germans (about 2.5 million), 18,889 perished as a "direct consequence of the expulsion," of which 5,596 met a clearly violent death. It is certain that among those victims there were not only active Nazis, but also Germans who were not guilty of breaking Czechoslovak laws.

Some circles in Slovakia are following with a certain amount of malicious glee the current problems connected to Benes's decrees, which they think apply only to the Czech Republic and Czech-German relations. Even Imrich Kruzliak, in his address in Nuremberg at this year's Sudeten German day, called for rescinding some of the Benes decrees, regardless of the fact that the Slovak Republic also inherited them and that they concerned not only the Germans but also the Hungarians.

The deportation of Hungarians from Czechoslovakia, which was called for in the Kosice Government Program, was not approved by the Allies, who recommended only negotiations between governments. In February 1945, the Slovak National Council issued a Manifesto in which it delimited the relationship to the Hungarian minority differently: Those Hungarians who came to Slovakia after 1938 will return to Hungary; the status of the Hungarian minority will depend on its relation to the new Czechoslovakia, while it will be its duty to eliminate all fascist and anti-Slovak elements, as assumed by the Manifesto of the Slovak National Council. A mass deportation of Hungarians like that of the Germans did not take place, but the implementation of the Manifesto came up against a different line followed by the government, which abided by the principle of collective guilt of both the Germans and the Hungarians. The first transport of Hungarians who came to Slovakia after 2 November 1938 left for Hungary on 26 May 1945. By the end of June 1945, 31,780 Hungarians left Slovakia, which also marked the end of their transfer to Hungary.

According to the agreement of 27 February 1946 on the exchange of inhabitants, 73,273 Slovaks moved from Hungary to Slovakia. But how and where to place them all, when the number of expelled Hungarians did not in any way match the much greater number of Slovaks relocated from Hungary? A partial solution was provided by another decree, No. 71/1945, which introduced conscripted labor for people stripped of citizenship. This decree was the basis for a mass transfer of more than 44,000 inhabitants of Hungarian nationality to work in Bohemia, predominantly in the Sudeten region. Their properties were allocated to Slovaks, the so-called trustees, who came down from mountainous regions to Slovakize southern Slovakia. But they found it difficult to acclimate themselves to the lowlands, to be without their mountains, and most of them went back home when, two years later, the relocated Hungarians came back from Bohemia to reclaim their properties. They came back legally because, after February 1948, they were given back their Czechoslovak citizenship.

This entire attempt at the re-Slovakization of southern Slovakia had also one other coercive aspect. The inhabitants of Hungarian nationality had to renounce their nationality in order to avoid the danger of losing their property and to gain at least some civil rights. An application was made by 400,000 Hungarians, who later, when the giddiness of forcible Slovakization, as retaliation for previous Magyarization, was over, again declared Hungarian nationality.

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Many Sudeten Germans will closely watch the decision of the CR Constitutional Court on the proposal to rescind some Benes decrees, writes the Munich daily SUDDEUTSCHE ZEITUNG and continues: Something incredible is expected from the judges because they are to make a decision affecting the general legal certitude in the CR because, if only one of the decrees is shown to be untenable, the validity of all of the others would be put in doubt. It is madness to demand that a young, only recently democratized republic break up its present legal base because of a 50-year-old wrong. Only a practical willingness of both sides to come to an understanding has a chance to succeed, declares the Munich newspaper, with which one can only agree.

SNS Lodges Complaint Against Hungarian Parties

AU1509110594 Bratislava SLOVENSKY DENNIK in Slovak 10 Sep 94 p 2

[Article by "vg": "Slovak National Party Files Complaint Against Hungarian Coalition With Prosecutor's Office"]

[Excerpt] The Slovak National Party [SNS] has filed a complaint with the General Prosecutor's Office of the Slovak Republic against the coalition of Hungarian parties because of its election program, SNS Deputy Chairman Juraj Molnar announced, because, according to Molnar, it includes the demand for territorial autonomy. Molnar also drew attention to the activities of Slovak Radio's Hungarian service, which, in his opinion, is one-sided and cannot be described as independent. He said that representatives of Slovak Radio's Hungarian service had made the SNS campaign advertisement available to the Hungarian parties, "who even have the gall to bring it up at a meeting of the Slovak Electoral Commission." According to Molnar, Slovak Radio's Hungarian service is exclusively at the behest of political circles whose program is irredentist. [passage omitted]

Vladimir Meciar Says HZDS Must Win Election

AU1409125794 Bratislava NARODNA OBRODA in Slovak 7 Sep 94 p 3

[Report on news conference by former Prime Minister Vladimir Meciar, chairman of the Movement for a Democratic Slovakia, with unidentified correspondents in Bratislava on 4 September: "Dismantling Klaus's Government According to the Slovak Pattern?"]

[Text] Yesterday, we carried the essential parts of the news conference with Vladimir Meciar organized by the Association of Slovak Journalists in a [Bratislava] Petrzalka pizzeria, Miva. Because of space limitation, we were not able to acquaint readers with some of former Prime Minister Meciar's rather pungent answers to reporters' questions that were left in commentator Julius Gembicky's notebook.

[SLOVENSKA REPUBLIKA Correspondent Julius Handzarik] Mr. Chairman, you said that you would not like the events of 11 March (when parliament recalled Meciar) to be repeated. Nevertheless, something similar is in the works. In Prague, a document is being circulated in intellectual and journalist circles; it is the Memorandum of the Institute for East-West Studies dated 11 April—that is, a month after your recall. It is the work of a certain Vasil Hudak. This document is similar to a document authored by another Vasil [Bilak], who was invited to Moscow in 1968. It assesses the domestic political situation in this country and calls for international assistance. This should be in two stages. The firstj, until an early election, should demonstrate massive support for Jozef Moravcik's government, and then, after its expected fall and the HZDS victory in the election, it calls for international assistance to change the new situation. The memorandum asks for greater support for the Party of the Democratic Left because that is a similar party to the one that will win in Hungary (it was before the elections) and the one that won in Poland. Do you know this document? What sort of mechanisms should change the situation after a democratic election?

[Meciar] Not only do I know this document, but I have even met privately with Vasil Hudak face to face. Our conversation ended in such a way that, if it had been held befor the publication of the memorandum, the work would never have appeared. It was based on information the author received from the Party of the Democratic Left representatives, Jozef Moravcik, and representatives of other political parties. He did not contact HZDS representatives. Hence, he was reflecting the inhibitions of their opinions. The Institute for East-West Studies (incidentally, it was precisely this institution that awarded prizes to Presidents M. Kovac and A. Goncz this year—ed. note) is also behind the formation of the Euro-Carpathian region and other regions. In its way, it puts forward constellations that our people accept as the official U.S. position, while the U.S. authorities dissociate themselves from it because it is a private institution. While it is based in the United States, its head is Edwin Mroz, a Pole but a U.S. citizen. So, I am familiar with the situation.

There are several tidbits that hover somewhere in the air but have not been defined as interests of the state. Milos Zeman (chairman of the Czech Social Democratic Party) visited Kosice recently. His appearance in Kosice resulted in a very interesting document that indicates that, in the Czech Republic, preparations are under way to dismantle Klaus's government according to the Slovak pattern. The document also contains reflections on the possibility of having a different constitutional arrangement. The culmination of the second idea of this concept, which was presented with cast iron logic as early as 1990 and is slowly progressing with the aid of various tactical and strategic maneuvers, is the autonomization of the territories occupied by the Hungarian ethnic minority. It is also the ultimate goal. Mr. Zeman made this statement in the presence of Deputy Marcela Gburova, and the meeting was attended by some 120-150 persons. There are, however, recordings and documents available from this meeting. Hence, while there are several ways one can

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detabilize Slovakia, there is only one way to stabilize it. That is a clear victory for the HZDS. Everything else would lead to destabilization. We must realize that people from other political parties do not represent only the interests of their own parties. Moreover, the chairmen of these parties are not always free to do what they would like. Nevertheless, they would hate to admit it. Therefore, for us, the question of selection of a potential partner is very important. Thus, it is not important whether it is the Party of the Democratic Left. The question is which of these officials is so concerned with Slovakia's interests that he would not betray the partner and would not fail. We were in a coalition with Carnogursky and he failed. He was prime minister and took Slovakia to the brink of political and economic collapse. We have seriously talked about a coalition with Weissites [Party of the Democratic Left], and they sent us a message that they did not mean it that way. As the government was recalled, the agreements we had with them vanished into thin air—actually the night before. Information from talks that only three people attended were somehow leaked to the president of the Republic. It certainly did not come from me. Moreover, it was not interpreted to the president exactly. Therefore, it is necessary for our movement to win, at least until the other political partners become more mature.

Meciar Outlines 'Five Ways' of Ousting President

AU1409114494 Bratislava SME in Slovak 10 Sep 94 pp 1-2

[Article by "eb": "HZDS Chairman Vladimir Meciar Spoke About Five Ways of Slovak President Michal Kovac's 'Departure'"]

[Excerpt] Kosice—[Passage omitted] At a rally with Kosice residents on the evening of 7 September, Vladimir Meciar, chairman of the Movement for a Democratic Slovakia [HZDS], outlined possible courses of action by the HZDS to bring about the Slovak president's premature departure from his post. He said that, as early as March, the HZDS declared that it could not support some of Michal Kovac's steps because of suspected violation of "several points of the Constitution." Meciar then spoke about five ways permitted, in his opinion, under the Constitution to replace the president.

After the election, parliament can carry out an inquiry into the president's activity and, if it reaches the conclusion "that he violated the Constitution, which I think he did, it is parliament's obligation to recall the president, for which 90 votes are needed. Furthermore, parliament can shorten the president's term of office, for which it needs 90 votes; it can pass a vote of no-confidence in the president, for which it needs 76 votes; and it can decide to call a referendum on whether the president should remain in his post, for which it needs 76 votes. But the most beautiful would be the fifth possibility, if the president resigned voluntarily and as soon as possible," Meciar said at the Kosice rally on Wednesday.

Coalition Leaders View Postelection Scenarios

AU1409123294

[Editorial Report] Bratislava SME in Slovak on 2 September on pages 1 and 4, under the headline "According to Jan Carnogursky, It Will Be Quite Difficult To Form the New Government," carries a series of interviews with the leaders of government coalition parties, totalling 3,000 words, by Jana Pankovcinova. In the interviews, which were conducted in the parliament building in Bratislava on 1 September on the occasion of the last ceremonial meeting of the National Council of the Slovak Republic [NRSR] before the forthcoming election, the coalition leaders evaluate the work of parliament during the past electoral term. They are also asked about their expectations regarding the composition of the next parliament and postelection developments.

Jan Carnogursky, chairman of the Christian Democratic Movement (KDH), says: "It will apparently be quite difficult to form a new government because public opinion polls do not give the needed majority to any of the existing alliances. The relatively early changes in the composition of parliamentary clubs during the past electoral term will probably serve as a lesson for parties not to overestimate their momentary situation but to look at matters from the longer-term perspective. Slovakia needs a stable government with a comfortable parliamentary majority. The operation of political parties in the NRSR heretofore clearly demonstrated the difference between parties with a clear ideological and political profile and parties that are not as clearly defined. With the exception of the first two or three months after the 1992 elections, only the KDH and the Party of the Democratic Left [SDL], as parties with a clear political and ideological profile, could rely in parliament on their own deputies." Asked whether the KDH could cooperate with the Movement for a Democratic Slovakia (HZDS) and the SDL-led Common Choice coalition in the future parliament or whether it would give "quiet support" to an HZDS-Common Choice coalition, Carnogursky says: "An HZDS-Common Choice coalition would not need quiet support. According to public opinion polls, it would avail itself of a sufficient number of deputies, and we would most probably grant it neither quiet nor overt support. The KDH can imagine granting support—initially probably quiet support—to some grouping only in the event that a government could not be formed under any other circumstances. We simply want Slovakia to have a government. However, these questions are premature because, according to the polls, the existing coalition has about the same number of potential deputies as the HZDS and the Slovak National Party [SNS]. As regards the right-wing parties, the last poll showed that, unfortunately, the situation of right-wing parties from the 1992 election is likely to be repeated. At that time, some right-wing parties stayed under the 5-percent threshold, though, by a close margin, did not make it into the NRSR, and their voters' votes went to the HZDS, the SDL, and the KDH."

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Asked whether he would support the holding of another early election if the coming vote produces a stalemate situation, Carnogursky says: "I believe that a second early election would be absolutely pointless. Should it be impossible to form a government, however, it would mean that power lies in the streets. In that case, it can be picked up by anyone. Power lying in the streets is the worst situation with which a state can be afflicted. Only in the case of the real threat of such a situation coming about would we be ready to give silent support to some coalition."

Ludovit Cernak, chairman of the National Democratic Party, predicts the following postelection scenario: "I suppose that the election will turn out as heralded by public opinion surveys. I expect the cooperative democratic forces to assert themselves in the NRSR so that we do not have a one-party government. The elections should confirm the present situation, and I hope that the broad-coalition government will be stronger than the combined forces of the present opposition."

Asked about his expectations concerning the composition of the next parliament, SDL Chairman Peter Weiss replies that, "under Slovak conditions, only a broad coalition is capable of forming a government that would be made up of competent people, have stable support in the NRSR, and be credible abroad. If I am to speak on behalf of the SDL and unofficially convey also the views of our coalition partners from Common Choice, we can hardly imagine taking part in a government together with political rowdies who have problems with elementary decency and with speaking the truth, with those who ideologize problems instead of seeking pragmatic solutions, with those who cast doubt on the antifascist tradition, the foundations for which were laid by the Slovak National Uprising, with those who base their policy on national intolerance, or who speculate with territorial autonomy. We want to pursue a calm policy without scandals that is based on the consensus that problems must be approached professionally. We have our own program and will not let ourselves be blackmailed or pushed into something by anyone. We feel responsibility for this country, but we think that it is not our duty to compensate, to our own detriment, for the political irresponsibility or amateurishness of others." Weiss voices the conviction that only a strong Common Choice can secure political balance, prevent "the return of the previous HZDS methods of government," and thus help Slovakia avoid a new domestic political crisis.

Finally, Milan Knazko, first deputy chairman of the Democratic Union, tells the SME reporter that he does not expect any "revolutionary changes" in the composition of parliament and that "it is highly probable that the cooperation of the present government coalition will continue, with bigger or smaller changes." In Knazko's opinion, the continuation of the present broad coalition is both "more realistic" and "more useful for Slovakia" than a potential HZDS-Common Choice coalition because the "reputation of some politicians cannot be restored" and because their presence in government "would cause considerable complications with neighboring countries and with the countries of democratic Europe."

Janicina Says Ministry Obstructing Privatization

AU1509102294 Bratislava SLOVENSKY DENNIK in Slovak 12 Sep 94 p 1

[ARTERIA-STA report: "It Is Only Bureaucrats' Natural Defense Mechanism"]

[Excerpt] Bratislava—Milan Janicina, Slovak minister for the administration and privatization of national property, labeled as untrue Slovak Economy Minister Peter Magvasi's statements according to which coupon privatization has not been properly prepared. As Janicina told the ARTERIA-STA agency, this is a conflict not between people but between ministries.

Janicina stressed that, ever since the establishment of the Ministry of Privatization, it has been involved in disputes with the founding ministries. "The more we privatize, the less there is left for them to manage. When ministries have to start reducing staff and the number of departments, the natural defense mechanism of bureaucrats with a permanent interest in managing and regulating something becomes activated," Milan Janicina said. He stressed that it is the founding ministry that is responsible for the preparation of privatization projects. "More than 70 percent of these projects had been lousily prepared. We have often had to finish them here at our ministry, which is at variance with the interests of the founding ministries' bureaucrats," he said. [passage omitted]

Meciar Tells Rally Privatization Should Wait

AU1409115994 Bratislava SLOVENSKA REPUBLIKA in Slovak 12 Sep 94 p 1

[TA SR report: "We Must Search for Sources of Development at Home; Vladimir Meciar in Trebisov District"]

[Text] Secovce—"We must search for the sources of Slovakia's development at home. I would rather give companies to their employees for free than sell them to foreign investors for 'peanuts,'" Vladimir Meciar, chairman of the Movement for a Democratic Slovakia [HZDS], said at a rally in Secovce. Meciar, who was touring Trebisov district yesterday, also met with the residents of Velke Kapusany, Cejkov, and the district capital.

Responding to the question of how the HZDS will proceed against "wildly privatized" firms in the event of its electoral victory, he replied that, in cases where the law had been violated, decisions on privatization will have to be revised. "I support privatization but gradual privatization, after a few years, after proper conditions have been established for it," he added. He also said that the HZDS may have lost one battle, but it has not lost the war. "Who lost, in fact? We who democratically won the election and respected the rules of the democratic establishment of the state or those who did not want this state and are now in the government?"

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Horn: Government's Fiscal Policy To Continue

LD1509095694 Budapest MTV Television Network in Hungarian 0500 GMT 15 Sep 94

[Excerpts] Many Western newspapers and television programs have been dealing with the state of the Hungarian economy recently. Many seem to think that the initial fiscal stringency of the new Socialist-Free Democrats government is slackening. We asked the prime minister about this.

[Begin Horn recording] A government cannot go back on its word, not only in a social-political sense but also in a moral sense. There is a parliamentary decision and on 15 June we agreed to coordinate with the social security self-governments and to fulfill this promise. [passage omitted]

As regards the energy price rise, there are [word indistinct] calculations and certain demands. We should really double the price, but you tell me, who could pay this, and I do not mean just the ordinary customers, but the economy as a whole. This is why we have set a limit at 30 percent. Even this will have tough consequences for the customers but compensation also has to be examined at the same time. This was a long overdue decision that the new leadership had to deal with.

Finally, regarding foreign investors. In the first half of this year, before this government, foreign investors invested $462 million worth of capital. We sat down with the representatives of foreign investors and companies interested in ventures with Hungary who can hardly wait for the new government program to start and for the bureaucratic obstacles—which they have been complaining about for years—to be removed.

We were given a definite promise by the EU for a substantial amount of investments and loans, for the purpose of developing infrastructure especially. These things are happening and I am quite certain that in the second half of 1994 the willingness of foreign investors to invest in Hungary will increase. [end recording]

Ministries Consider Supplementary Budget

LD1509100994 Budapest Kossuth Radio Network in Hungarian 0400 GMT 15 Sep 94

[Excerpt] The parliament's defense committee considered the supplementary budget draft suitable for general debate in the house. The draft proposes withdrawing about 1.5 billion forints [HUF] from the Defense Ministry.

Major General Karoliy Janza, deputy state secretary of the Defense Ministry, said that preparation of a crisis management program had already started, but it seems that as a result of this withdrawal the ministry would have to postpone payments to debtors of several billion forints until next year.

The draft of the supplementary budget was also adopted at the session of the Foreign Affairs Committee. The Foreign Ministry has to pay more than HUF52 million to the Treasury in order to help reducing the budget deficit, while it has a deficit of HUF750 million. The Foreign Ministry is unable to find this 52 million, either by cutting jobs or by reducing the network of foreign representations. [passage omitted]

Official on Preparations To Renew FRY Trade

LD1409143394 Belgrade TANJUG in English 1329 GMT 14 Sep 94

[Text] Budapest, Sept. 14 (TANJUG)—Hungary is ready to renew economic cooperation with Yugoslavia as soon as the international community lifts or at least eases the sanctions against Yugoslavia.

In an interview published by the Hungarian daily NEPSZABADSAG on Wednesday, Hungarian Trade Ministry official Judith Kevesi Schmidt said the two countries' experts had made all necessary preparations for a resumption of the previously very fruitful cooperation.

Trade between Hungary and the Former Yugoslavia in 1990 totalled 700 million U.S. dollars, with Serbia's share amounting to one half of the sum. A year later, trade dropped to 300 million dollars and, according to Schmidt, this amount could soon be reached again. By the end of the last year Hungary lost 1.4 billion dollars because of the sanctions against Yugoslavia, and estimates are that the loss has now increased by several hundred million dollars.

The United Nations Security Council imposed sanctions on the Yugoslav Federation of Serbia and Montenegro in late May 1992, for alleged involvement in the civil war in Bosnia-Herzegovina.

Yugoslav Government analysis released on August 6 shows that this year the Yugoslav economy has suffered a loss of at least 45 billion dollars.

Agricultural Program of New Government Viewed

94CH0409C Budapest FIGYELO in Hungarian 25 Aug 94 p 14

[Interview with Imre Farkas, chairman of the National Association of Food Processors, by Imre T. Dogei; place and date not given: "Food Trap: Billions of Dollars With No Conditions?"]

[Text] *Except for the principles declared in the government program, everything remains unchanged for now, according to the president of EFOSZ [National Association of Food Processors].*

"To ensure a balanced Hungarian economy, the government assigns a prominent role to agriculture, and to the related industrial, service, and commercial activities,"

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according to the agricultural provisions of the new government program. But making a $3 billion export volume "come true" is subject to the establishment of a number of conditions, without which this wish remains only a dead letter. The features of the Carpathian Basin make this region very well suited for agricultural production, but they are worthless in the absence of modern commerce and processing capacities that refine base materials. The real question is this: Is it possible to establish a competitive vertical integration in the food industry? Imre Farkas, president of EFOSZ and chairman and president of Zalahus Corporation, expressed his views on the subject to FIGYELO.

[Farkas] The principles declared in the government program at least indirectly convey the idea that in the near future, the government intends to assign a certain lead role to the food industry within the Hungarian economy. This is encouraging to me not primarily because I am biased due to the office I hold, but also because I regard this intent to be the result of a realistic assessment of the situation in which this country presently finds itself.

[Dogei] Forgive me for saying this, but a number of economic analysts have already stated their views regarding the above-mentioned lead role: Agriculture does not play a lead role in any developed country.

[Farkas] This was one of the reasons why I said that this aspect of the government program was based on a realistic assessment of the economic situation: We are quite far behind any developed country. Incidentally, I am prepared to surrender my stated position if anyone provides a valid argument for an activity capable of replacing the food economy in terms of its ability to carry the debt burden, of providing employment. We are talking here about a branch of the economy that ranks high and has prestige in the world, and whose products people like and have accepted in the United States as well as in the Far East, and in places ranging from the Soviet successor states to the Canary Islands.

[Dogei] Food-marketing professionals will say in response to your argument that all this is true, but the trouble is that Hungarian food products have no brand names; they are exported in the form of raw materials. They mention goose liver, for example: This product is rendered consumable by its importers.

[Farkas] This is true, and for this reason the essential task should be to familiarize foreign consumers with Hungarian brand name products. The adjective "Hungarian" should be attached to more than one or two food products. This situation is not surprising if we turn the calendar back by few years: In those days there was no motivation, no market and profit orientation. In the olden days I once argued with one of our Danish trading partners who complained about the quality of Hungarian hogs. I told him that the quality could not be better at a time when hogs cut in half were hung and carved in Soviet butcher shops; it was a matter of luck to receive one or another choice cut, all were sold at the same price. In the same years, however, our food industry plants producing for export to West Europe and the United States consistently complied with very strict requirements.

[Dogei] At this time, however, the requirements are very high both in foreign and domestic markets. How is it possible to respond to demands that increase in every field?

[Farkas] We can respond if they provide us with conditions to respond to the demands, in addition to establishing such demands. This is so because the food industry differs in many respects from other fields of the economy. For example: The ratio of added value is relatively small in finished products; the cost of the material is high, generally about 70 percent, and within that, the amount paid to producers for base materials is extremely high. Much time lapses between paying for expenditures and collecting the sales revenues of finished products. Prices fluctuate in many branches of the food industry, therefore one is better off if one waits for better days. For all these reasons the food industry needs a lot of operating capital. This presented no problem as long as money was available for a few percentage points of interest from a large variety of trust umbrella organizations. In recent years, however, independent management, and interest rates of about 30 percent, have made financing very difficult. Many firms went bankrupt as a result of this situation. In my view, we would have no problem exporting $3 billion worth of food products; our problem is that for now we lack the related and necessary conditions, or, to say the least, we lack operating capital financing.

[Dogei] It is generally believed that the Hungarian food economy lost most as a result of a substantial decline in domestic consumption, and not as a result of declining exports.

[Farkas] This is evidenced by the fact that along with declining agricultural production, we were able to more or less maintain our export levels only as a result of a 25-30 percent decline in domestic consumption. Insofar as implementing the new government program is concerned, the method chosen promises nothing good for the agricultural economy. A reduction in individual consumption also reduces spending for food. This will have an obvious negative effect on the entire vertical integration of the food industry, if domestic demand continues to decline. They announced general sales tax and consumption tax increases, even though no decision has been made in this regard. When general sales taxes were applied to food products, domestic food consumption declined by exactly the same ratio as the tax rate imposed. And people in this country eating less will have an adverse effect on Hungarian agricultural production, and despite all semblances, it will also adversely affect exports, because the entire agricultural sector will assume a defensive posture. The days when we were able

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to export to the East anything not consumed in Hungary are gone. In the East we are faced today with the highly subsidized exported surpluses of West European agricultural economies. Accordingly, anyone familiar with international agricultural trade claiming that Hungarian agriculture should not be subsidized, does not really know what he is talking about.

[Dogei] How did the latest 8-percent forint devaluation affect the food industry?

[Farkas] At first sight, the devaluation appears to be beneficial. Agriculture is a net exporter: As a result of the devaluation we receive more forints for goods sold for the same amount of foreign exchange. But the picture becomes more nuanced if we consider that only one-third or one-fourth of the agricultural products are sold abroad. The materials and equipment used for the manufacture and packaging of various products are imported, and the costs of these have increased. Not to mention the reduction in subsidies that regularly follows forint devaluation at an identical rate. Unfortunately, this is also part of the present package.

Statistics, Public Opinion Polls on Military

94CH0417A Budapest MAGYAR HONVED in Hungarian 12 Aug 94 pp 12-13

[Article by Lieutenant Colonel Dr. Jozsef Eszenyi: "Public Opinion—On the Defense Budget"]

[Text] In analyzing the size of the defense budget over the past four or five years, a nominal increase in amounts, but a continuous, large-scale decrease in real value immediately becomes apparent. Characteristic is the fact that while inflation has increased by 254.9 percentage points between 1989 and 1993, the military budget has increased only by 130 percent, i.e., the real value of the appropriated funds has diminished by half. This situation can be explained by the centuries-old dilemma faced by modern states. Maintaining military forces at level strength (or, perhaps, increasing the military strength) has (or could have) serious consequences in countries lacking strong economies. If too much of the state's resources are committed for military purposes, both investments in production—modernization—and the long-term chances of an economic boom will be reduced. This, in turn is (could be) too high a price to be paid for questionable security based on military might.

In Hungary, changing the system, a reassessment of security policy, reductions in the armed forces, economic difficulties, the handling of social tensions, and so forth, shaped the size of the defense budget. Budget restrictions are clearly shown by the following data.

Defense Expenditures (as percentage of GDP)

1986	1989	1990	1991	1992	1993	1994
3.5	2.8	2.5	2.3	2.3	1.9	1.7

The impossibility of fulfilling unreal requirements for annually scheduled, mandatory "self-generated revenues" (objects that could not be sold) also had a negative effect on the amount of money that could be spent for defense. The high degree of specificity regarding the cost of maintenance, and the forceful increase of the proportion of such expenditures, is the greatest (and for the time being, seemingly unresolvable) internal contradiction in the military budget. For this reason some extraordinary constraints come into play when organizing military management; the latitude in management is small, and the opportunities for development and modernization fall far behind the necessary minimum.

Percentage Variations in Development/Maintenance Ratios

	1986	1989	1990	1991	1992	1993	1994
Development	41	24	19	11	11	8	9
Maintenance	59	76	81	89	89	92	91

The situation that evolved in the military due to years of chronic shortage of funds is well known: The technical quality of buildings is deteriorating, technological equipment can be maintained in an operating condition only as a result of great efforts, personal supply levels are on the decline, and an ever increasing proportion of the permanent staff lives at or below the minimum standard of living.

Percentage Ratio of Families in the Hungarian Military Living at or Below the Minimum Standard of Living

	Jan-Jun 1989	Feb 1991	Jul 1991	Mar 1992	Apr 1993
Officers	2.0	7.2	12.3	12.2	17.0
Non-commissioned officers	8.8	18.3	36.3	39.6	46.0
Public employees	—	28.4	44.6	47.1	57.0
Totals:	—	20.3	33.7	35.4	43.0

The discussion so far clearly reveals that with due consideration for the performance capacity of the national economy, it is absolutely necessary to halt a further reduction in the real value of the defense budget in order to preserve the operating capability of the Army. At the same time reforming the military budget, as well as making and implementing decisions regarding scientifically based organizational changes—such as reorganization, modernization, and the streamlining of tasks—are unavoidable. All this must, necessarily, be accompanied by a reduction in the total number of personnel and facilities, the modernization of technology, the rational management of human resources, development, and so forth, while retaining the permanent staff.

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Having briefly reviewed the situation, let us take a look at the way the public views increases, or the maintenance of funding levels in the defense budget. We will use publicly available data based on public opinion surveys on this subject for purposes of our analysis.

In 1992 and 1993 we posed this question: "How many billions of forints are managed by the Hungarian Army in this fiscal year?" More than half the number of respondents declared that they "did not know" the answer, and only 5 percent was able to mention an approximate, but specific amount. Members of the public are unfamiliar with the real funding level, in other words, they actually express opinions on a subject matter of which they have only vague, secondhand knowledge. This is entirely normal in the process of formulating opinions (among other matters, this is one reason why public opinion is volatile and pliable), and does not at all diminish the significance of the public's value judgment.

Judgments concerning the necessity of funding for maintenance purposes in the Army are influenced by the economic situation in which the country finds itself, by the standard of living of the populace, by the way in which the sense of being threatened evolves, and so forth. The public reacts in a sensitive manner to events taking place in our region.

Could an armed conflict between Hungary and one of its neighbors occur? (percentage of affirmative responses)

Reserve personnel	Active duty personnel	Civilian populace	Civilian populace	Active duty personnel
Oct 1990	Jun 1992	May 1992	Dec 1992	Oct 1993
52	87	54	56	92

In response to the prolongation of the South Slav war, its hopelessness, and the lack of international security guarantees, and, with the broadening of openness, in response to reports concerning the technical standards of the Hungarian Army, a majority of the populace agrees that it is necessary to modernize the weapons of our Army.

Should Army weapons be modernized? (percentage of affirmative responses)

Civilian populace	Professional staff	Active duty personnel
Feb 1991	Feb 1991	Feb 1991
72	98	84

Should the strength of the Hungarian Army match, at all times, the military strength of neighboring countries? (percentage of affirmative responses)

Professional staff	Professional staff	Active duty personnel	Civilian populace	Civilian populace
Oct 1990	Feb 1991	Feb 1991Feb 1991	Dec 1992	
65	79	61	81	85

It is apparent that citizens perceive the Army as an important security factor, even if security policy is not primarily a military issue. The populace is willing to make sacrifices in order to strengthen national defense as the feeling of being threatened increases; this holds true at least at the level of expressing opinions.

The military should receive more money (percentage of affirmative responses)

Jan 1990	Feb 1991	Nov-Dec 1992	Dec 1992
20	35	59	60

Including the above, there is a rather large difference between the type and intensity of threat being sensed by the various strata of society, between the extent to which these strata regard political and diplomatic means as capable of protecting against and offsetting such threats, and the extent to which the various strata feel that armed forces are necessary or suitable for such measures. Similarly, significant deviations exist with respect to the extent the various strata are willing to carry the burden of defense. According to more detailed analyses by researchers, the less urbanized strata, more closely linked to traditions, with less education and more difficult living conditions are more strongly prompted to assume their share of the defense burden, than strata that could be described with the opposite characteristics. We are unable to provide an accurate answer to questions as to the extent to which the above flows from differences between value systems, the socializing factors, or from the assumption that more mobile, better educated, more prosperous strata could better mitigate the consequences of a possible attack than those not having, or having fewer of these characteristics.

On two occasions, prior to the parliamentary debate over the budget, Median Public Opinion Research Institute sought answers from the populace to the following question: Considering the total amount of the budget as 100 percent, what proportions of the budget would you allocate to the various ministries?

How would citizens allocate the total amount of the state budget? (In percentages)

	Nov 1991	Dec 1993
Health care provisions	22	18
Establishing workplaces	—	15
Social welfare provisions	15	13
Education, culture	14	11
Public security	13	9
Housing construction	11	—
Agriculture	—	11
Environmental protection	9	7
Transportation, road construction	8	—
Local governments	—	5
National defense	5	5
State operations	3	3

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Quite visibly, society, in its present psychological condition, is being confronted by a desire for defense and security, as well as with the need to treat economic and social welfare problems. The fact that these two, equally important, but in terms of financial conditions, competing needs could be played against each other has become one of the greatest threats to Hungarian defense policy.

The data reveal that the populace would spend most of the money for social welfare functions, even though they agree in principle that defense expenditures should be increased, as shown by the previous table. At the same time, however, when it comes to the distribution for specific purposes of a specific amount, the populace is willing to maintain existing spending levels only. The significance of this fact cannot be neglected if one considers the constant decline of the real value of funds allocated to the defensive forces, because the citizenry has clearly accepted the idea of maintaining the defense budget at its existing level.

In the opinion of a majority (70 percent) of the active duty personnel that happened to serve when the survey was taken (Oct 1993), and who were dissatisfied with their circumstances in the Army according to the survey results, would also increase the amounts appropriated to the armed forces. The way they would distribute the increased budget also provides a lesson. It indicates their feeling of want.

Within the military, for what purposes would you allocate funds received in excess of existing funding levels? (percentage of responses)

Technical equipment	40
Meals, closing, quarters	40
Nothing	15
Training	3
Cultural activities, sports	2
Total	100

Summarizing the above, we feel that the results of sociological research clearly indicate a shift in opinions. The "civilian" public would be willing to accept a situation in which defense funding levels are maintained at previous levels or are increased only to a small extent, instead of permitting further reductions in funding. This is particularly true if the maintenance of, or small increases in funding levels occur together with the reinforcement of civilian control, a broadening of openness in the Army, increased rationale in the organization, and so forth. This fact may justifiably cause some optimism regarding the future of the Army, but it also outlines further tasks with respect to the ministry's openness policy.

Poll on Political Views of Young Adults

94CH0409B Budapest FIGYELO in Hungarian 25 Aug 94 p 9

[Unattributed article: "Young Hungarians: Disappointment After Indifference"]

[Text] Results of research conducted in 1993 ("Youth and the System Change") should be of interest to the public, according to Ferenc Banati, project director and sociologist. The sociological survey—using questionnaires and in-depth interviews—covered young people between the ages of 16 and 35, and was sponsored by the Hungarian Citizen Foundation. The survey population of 1,250 included skilled worker apprentices, high school students, students enrolled in academies and universities, young white collar employees, industrial, agricultural, and service industry workers, as well as unemployed persons.

The findings of the survey have, by now, acquired historical significance: "The youth of the 1980's did not sense much of the increasingly deepening crisis of Hungarian socialism." By then, soft dictatorship did not demand that its citizens—including young people—pursue political activity even as a matter of formality, and thus the majority was reassured of being able to remain "neutral." At that point, the relationship between young people and the system was loose and barely noticeable, and precisely for this reason, it was difficult to define, let alone to interpret, the content of this relationship. Young people were hardly aware of the real conditions of power, and of the essence, internal peculiarities, and operating mechanisms of the system, and a majority of young people had no access to such information. The lies propagated by the system were obvious to some of the youth questioned, but these did not become part of consciousness in a majority of them. Only a few young people questioned believed that the system could be changed; nevertheless, these few did not accept, or identify with, the system. They tolerated but did not attack the prevailing regime, and placed their trust in the outcome of reform measures. According to the research findings, the image of the future envisioned by youth during the 1980's lacked perspective, and was devoid of any degree of self-confidence; young people "did not have faith in their own strength," and felt that reform measures could be implemented only from the top down.

This condition has changed somewhat during the 1989-90 system change; young people relinquished their "neutrality" at that time. They believed in, expected, and wanted to have a system change, and quite a few of them played active roles in making political changes. The consequences of the system change caused disappointment, however, because a majority of the young people were dissatisfied with results that fell short of their expectations. Moreover, they viewed the system change as a whole as a negative process. From among the changes, a far greater number of young people are satisfied with the democratic changes—such as the transformation of the institutional system, the enforcement of democratic rights—than with changes occurring in the economy, their own financial situations, and living conditions. Although the young people recognize the desirability of developing a democratic institutional system, they do not sense democratization in their everyday

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lives, and continue to feel like outsiders, just as before, according to Banati. Only a very small minority of the young people (about 10 percent) maintain active relations with parties and youth organizations.

Except for some white-collar workers, students enrolled in institutions of higher education, and a small group of private entrepreneurs, the survey population showed no interest in politics. Young people know very little about party programs and endeavors; their attitudes toward parties are based on emotions rather than rational considerations. The survey results showed in advance that emotional motivations would dominate the then approaching elections. A majority of the young people prefer values similar to or almost identical to those cherished by their parents. As of now, new elements (such as entrepreneurial aptitude, faith in one's own strength, "termination of the outsider feeling, of lack of faith") can be found in the value system of only a narrow group of young people. The existence of such values could serve as an important condition for the renewal of society.

The researchers found that all this did not, by far, mean that the age group surveyed was permanently lost from the standpoint of Hungarian society and politics; nevertheless, there should be no doubt that for now, politicians would be unable to "reach" the younger generations. Researcher Banati predicts that this condition is going to prevail as long as politicians view youth as a "financial issue," and not as a "resource."

Hungarian Airlines Reported Owing Back Taxes

94CH0409A Budapest FIGYELO in Hungarian 25 Aug 94 p 7

[Unattributed article: "Billions in the Air"]

[Text] We have come to believe that a few weeks would pass without a scandal at MALEV [Hungarian Airline], and that we could deal with the future of the airline under calm conditions (see the article concerning the company's equipment park development on pp 22-23). But this is not the case. MALEV owes 1.5 billion forints in customs duties, according to Monday's NEPSZABADSAG. An audit conducted last spring by the Customs and Revenue Police found that MALEV owed this amount to the state. MALEV, on the other hand, disputed this assertion, claiming that the term "indebtedness" meant obligations assessed and not paid by the established deadline, and that the airline had no such indebtedness.

The audit revealed quite a few items left unpaid by the airline, but the total amount of these fell far short of the 1.5 billion forints mentioned in the NEPSZABADSAG article. According to the airline's director of finance, so far MALEV has discharged its assessed payment obligations on time, and MALEV would continue to discharge such obligations in the future, despite the fact that the airline had appealed and would continue to appeal a number of determinations made by the customs authority. MALEV has paid in 350 million forints during the past several weeks, leaving an outstanding obligation of about 280 million forints, the final installment of which is due on 10 September.

With respect to the two most hotly disputed items, i.e., the IL-62 airplanes leased in 1991, and the B-767-300 airplanes leased in 1992, MALEV's director of finance claims that customs proceedings had not been completed as of the date of the audit, and that with respect to the leased B-767-s, the customs office having jurisdiction had assessed a lower customs duty than it should have pursuant to prevailing rules. An unfair rule serves as the criterion for fairness; under this rule, leasing equipment from abroad for a month requires payment of the same amount of customs duty as if the equipment were leased for a year. (Thus, in the case of the B-767-s, the customs duty amounts to an absurd 227 million forints, almost as much as five months of leasing fee paid by the airline.) Nevertheless, in the wake of the Customs and Revenue Police audit, the airline must pay the correct amount of unpaid customs duties, as well as customs handling charges, general sales taxes, and even interest with penalties.

Unfortunately, we were unable to verify the statements made by either the source referenced in NEPSZABADSAG, or by MALEV. In any event, however, this situation makes us wonder just how realistic the balance sheets were for the years 1991 and 1992, and how this unanticipated, large expense would affect this year's bottom line. And it should come as no surprise if ALITALIA airline, with its 30 percent ownership of MALEV, decides to use this unexpected amount of customs duties owed as a basis for asserting claims on grounds of "concealed flaws" in the contract, demanding reimbursement of part of the purchase price it paid (even if the amount owed by MALEV is not a large item from ALITALIA's standpoint). Regardless of what happens in this regard, this whole affair is once again not going to enhance MALEV's reputation.

An official statement from the Customs and Revenue Police would be needed to clarify the contradictory statements. Such a statement has not been forthcoming as we went to the press. They must be experiencing difficulty with writing such a statement, because the information protected (seemingly in vain) by law originated from the VPOP [National Headquarters of the Customs and Revenue Police]. The VPOP press office does not deny this fact. The truth is that irrespective of whether MALEV owes or does not owe overdue customs duties, the firm should be able to have a just expectation that its taxes are being treated in secrecy and that its reputation is being protected.

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Walesa Supports U.S. Operation Against Haiti

LD1409223394 Warsaw Third Program Radio Network in Polish 2200 GMT 14 Sep 94

[Text] Yesterday, Bill Clinton spoke to President Lech Walesa, who supported the U.S. operation under the auspices of the United Nations. Leszek Spalinski, Lech Walesa's spokesman, has told us that the president declared that Poland is ready to take part in international operations aimed at rebuilding democracy in Haiti—for instance, in observing free elections. According to Walesa, Poland's participation in such operations would be easier if it were a NATO member.

Walesa's Presidential Chances Assessed

94EP0092A Warsaw POLITYKA in Polish No 36, 3 Sep 94 pp 1, 8

[Article by Janina Paradowska: "Draft in the Stronghold; Whose Poland—What Kind of Poland?"]

[Text] It does not happen often that a government minister notifies public opinion through the mediation of the mass media that he is taking a furlough, even if it is a greatly extended one. The president's press spokesman, Minister Andrzej Drzycimski, has done so, apparently reacting to the conduct of his colleagues from the Belweder who had excessively and too publicly disseminated the contents of the letter ordering that furlough, without concealing their gratification over it, which is a telling reflection of the relations within the president's entourage.

The removal or near removal of Minister Drzycimski from the post of presidential press spokesman is no surprise, not just because he has neither helped nor harmed the president—that being the opinion of a politician friendly with the press spokesman—but also because of the long-existing rumors of discord between Drzycimski and another Belweder minister, Wachowski.

It is to be supposed that the discord was about who stands closer to the president, an issue that is the more difficult to resolve the fewer confidants are involved—in this case only two, although some people tend to also mention the Reverend Cybula. For the time being, it turns out that another minister of state [Wachowski] got ahead of the minister-press spokesman. However, it is being speculated that the president is also distancing himself from that other minister. There is no way of verifying such rumors because they reappear now and then and do not get proved. To distance oneself from one's court, also termed more euphemistically "the president's entourage," one has to find a new confidant. Yet it now appears that the president's loneliness is so great that Henryk Goryszewski, a politically most prominent member of his entourage, may be the only one left in that entourage. The other Belweder ministers, such as Andrzej Zakrzewski (undoubtedly the most solid member of the presidential staff) and Lech Falandysz, an eminent expert in tangled legal constructs, do not appear to be infected with the bacillus of lust for power, and, to them, keeping their posts is not synonymous with defending a fortification to the last drop of blood. To be sure, though, Minister Falandysz's possible return to teaching law at a university would be an interesting public event. Of course, when the status quo is tottering, new candidates for these posts line up outside the president's door, but the intellectual quality and political importance of the people standing in that queue is best not mentioned.

An important new term in the Polish political lexicon is "decomposition." The press spokesman's furlough and the Zacharski affair, which generated public controversy among the "presidential" ministers and led to the rise of rumors about the "decomposition" of that staff, are of course related to the coming presidential election next year. Assuming that the president's principal confidants were precisely the minister-press spokesman and the minister of state, we are indeed dealing with major "decomposition." If we consider that the ministries under the president's control are also involved, we are talking not so much of decomposition as of disintegration.

As always in Poland on occasions of this kind, rumors of a conspiracy by the special services also appear. This time these rumors are being spread by normally sober politicians. This points to considerable confusion. I am inclined to reject the theory of the disintegration of the entire presidential camp, including the "presidential" ministries, because their "presidential" nature seems doubtful to me. It is a fact that Lech Walesa nominated candidates to head three of the ministries of state and that the governing coalition accepted them without a protest, being desirous of avoiding conflict at a time when, to its own surprise, it assumed power. Thus, it has postponed assaulting the presidential ministries, and, so far, it has not undertaken a resolute offensive, although SLD [Democratic Left Alliance] deputies have been making evident attempts to weaken the standing of the minister of foreign affairs—but that largely ensues from the personal ambition of these particular deputies to be appointed to posts at the Ministry of Foreign Affairs rather than from any deliberate policy of SLD leadership. Similarly, the PSL [Polish Peasant Party] is continually striving to obtain influential government posts for its members, but not necessarily precisely within the three "presidential" ministries, unless it can benefit from the chaos. The prime minister has repeatedly demonstrated his effectiveness in that respect.

The heads of the "presidential" ministries do not work together as a team, do not attend joint conferences at the Belweder, and all three admit that the president allows them considerable autonomy of action.

There is no reason to doubt them. Lech Walesa has never shown an inclination to attend to the nitty-gritty details of governance, in general or in particular. He has even been blamed for that because the Constitution states that

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the president is vested with, for example, the power to convene meetings of the Council of Ministers, but he has not availed himself of that power. Thus, there is no doubt that the three ministers do consult the president about their actions, even if they certainly consult his minister of state more often, under the constitutional provision assigning to the president responsibility for foreign policy and national security. In reality, though, they are subordinated to the prime minister, who makes specific decisions on personnel matters and substantive issues. There is no doubt that it is the prime minister who is the decisionmaker.

Thus, the "Belweder" ministries are not a government within the government, although undoubtedly the governing coalition treats them as rather alien bodies, at least until the coalition partners plant a sufficient number of their own deputy ministers from their own parties in them. The conflicts within the bosom of the government have existed from the outset, and they were initiated not by the "Belweder" ministers but by the governing coalition as when, for example, it engaged in a public quarrel with Minister of Finance Marek Borowski to spend more from the next budget on its professed aims, even though that minister himself is a social democrat, too. It was also within the social-democratic camp that the spectacular "capture" of a billion zlotys by Minister Leszek Miller from Minister Barbara Blida took place. This scenario is being repeated in the case of Deputy Minister Grzegorz Kolodko, with the ministers of labor and health trying to patch up his "Strategy for Poland." If we also consider the continuing disputes between the PSL and the SLD partners in the governing coalition, if only concerning the scope of preferences for farmers or of privatization, it is really hard to identify the various contending factions in the government. Against this background, Minister of National Defense Piotr Kolodziejczyk, who wants to appeal the budget law to the Tribunal [of State], or Minister Andrzej Olechowski, who is withdrawing the draft of the new statute of the Ministry of Foreign Affairs because, despite assurances from the government and the governing coalition, it has been pigeonholed for several months by the Council of Ministers, can hardly be viewed as the principal contributors to all this chaos.

Prime Minister Pawlak has failed to imbue his government with team spirit, and that is all too obvious.

As for the discord among the Belweder staff, that seems to be much more elementary. From the moment Lech Walesa took office, the Belweder has resembled a besieged fortress, and all of these years he has failed to break the siege—unfortunately, through his own fault. The president relies on people devoted to him, in whose company he feels comfortable and secure. These people turned out to be adroit in practicing the kind of politics that means feathering one's own nest and incapable of fashioning a clear concept of the presidency as held by a person as unorthodox as Lech Walesa. Thus, the president was a winner when crises arose, such as the portfolio affair of 4 June 1992 or the passage of a vote of no-confidence in the government of Hanna Suchocka because then he was in his element as a politician, but he was a loser once the crisis was over. And, once a crisis is over, does he occupy himself with solving his favorite crossword puzzles and leave affairs of state to his faithful courtiers, meaning chiefly Minister Wachowski? That question can be answered only by regular habitues of the Belweder, and few of them remain.

Nowadays it hardly seems doubtful that matters of national security, both foreign and domestic, are being handled quite independently by Mieczyslaw Wachowski, which does not at all mean that he is the direct head of both the Ministry of Defense and the Ministry of Internal Affairs because it so happens that all of the "presidential" ministers are strong personalities in their own right, and, in addition, such independent individuals that they are clinging desperately and at any price to their posts.

The crisis that arose in connection with the nomination of Marian Zacharski seems to indicate that the president wants to restrict the powers of his minister of state. On the other hand, the role of Minister of Foreign Affairs Andrzej Olechowski has become greater; besides, his standing has always been quite special because his presence in the president's entourage enhances the latter's image. Before the electoral campaign, this is highly important, and the only problem is that, whatever the political ambitions of Andrzej Olechowski, the absence of any definite favorites in the race for the office of the presidency makes him a potential rival of Lech Walesa. As to whether he will become one, that is another matter. Observations of the relations between these two politicians rather indicate that Olechowski will not oppose Walesa. But that will change should Walesa not stand for reelection, and, in my opinion, he has not yet made a final decision on this matter. The president leaves for himself room for a retreat. Consider, for example, the recent declaration of Lech Falandysz that Walesa will not stand for reelection if the new constitution limits presidential powers.

What is happening at present is chiefly a desperate attempt to regroup forces before the presidential election, except that these forces are not so impressive. All of the successive troops of the president, starting with the Liberals, who stood for the civilized group of supporters in Walesa's previous electoral campaign, and ending with nationalist-Catholic groupings, have by now switched to other political camps.

The experience with the BBWR [Nonparty Bloc in Support of Reforms] provides an instructive example that the formation of a new political bloc, apart from the existing political forces, is simply not feasible because then what happens is that yet additional political parties are created, and this may occasion the emergence of a contender for political office, as happened in the case of Professor Religa, who suddenly experienced an unusual attraction to politicking on his own.

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So now a new presidential press spokesman may be appointed, and people who irritate public opinion and politicians may be removed from office, but this still does not mean—and the outlook is negative—that a new presidential staff can be formed that could within a year fundamentally change the public's view of Lech Walesa and demonstrate that his presidency can inspire reforms in the government, make a cohesive team of the government, and avoid crises in harmonious cooperation with various political and social forces. Such a possibility was, from the standpoint of chances for Walesa's reelection, forfeited after the parliamentary election of 19 September 1993. That was probably the last chance to build solid political and intellectual support for the Belweder by carefully selecting supporters from among the losers, who had, after all, garnered altogether millions of votes.

There used to be a time for creating an alternative to the current governing coalition, an alternative with a clear program of action, an alternative that would certainly have been rightist-Liberal rather than radical nationalist-Catholic, which is so divisive to society. But to this day no one has created such an alternative.

The opposition, headed by the Freedom Union, is so absorbed in internal bickering and preoccupied with the problem of Deputy Barbara Labuda and with resolving the troubles due to a surfeit of candidates for the presidency that it is simply difficult nowadays to define the nature of any serious political opposition in Poland, both in terms of ideology and program of action.

To accomplish such an objective, the Belweder center should have long ago been subjected to the surgery of "decomposition."

For now, all that remains for the president is to gather the support of those politicians who got into conflict with their own parties or to count on the support of the Roman Catholic Church, which, as successive elections have shown, is not translated into an avalanche of ballots into voting urns in accordance with the instructions of the parish priest.

And, of course, another thing that remains for the president is to fight against the current ruling coalition, under the slogan of fighting against the commune. Besides, many other people want to fight under that slogan, and undoubtedly their rallying cries will be even more radical than those of the president. However, the tolerance of the Polish public toward such warring is declining. Thus, Lech Walesa's victory in next year's presidential election is hardly conceivable, but the paradox of the situation is that it is difficult to find a politician who would equivocally state that Walesa has no chances. That is because nowadays Lech Walesa's strength rests not on the support of the church, the military, the special services, or ministerial portfolios or butcher's hooks for potential electoral contenders, that being the apocalyptic vision of the electoral campaign propagated zealously by many politicians, especially those who already have some experience in the contest for high offices, but on the weakness of his potential contenders and of Polish politics as a whole because, to Polish politics, the question of "whose Poland" seems invariably more important than "what kind of Poland."

Sejm Passes Classified Information Act

LD1509091394 Warsaw PAP in Polish 0808 GMT 15 Sep 94

[Text] Warsaw, 15 Sep (PAP)—During today's voting in the Sejm, deputies rejected an amendment to the state secrets and classified information act that said that a journalist who obtains a state secret can reveal it even if it is in the public interest. A total of 107 deputies voted in favor of the motion, 209 voted against, and 37 abstained.

The Sejm adopted an amendment proposed by Jerzy Dziewulski (SLD, Democratic Left Alliance) that deputies from the Sejm commission appointed to investigate intelligence and counterintelligence activities of military information services and the State Protection Office will have no access to information identifying employees of those services. They will also have no access to personal data of people who secretly assisted institutions carrying out operational and investigation work.

The entire act was passed by 268 votes, with 75 against (mainly from the Union of Freedom) and 19 abstentions.

Finance Minister on Debt-Reduction Agreement

LD1409230794 Warsaw Third Program Radio Network in Polish 2100 GMT 14 Sep 94

[Text] In Warsaw, representatives of the Polish Government and 10 banks that make up the working party of the London Club have signed an agreement on reducing the Polish debt. Now our country is going to start signing bilateral agreements with the banks. Under the agreement on reducing the Polish debt, which come to more than $13 billion, Poland is going to pay back 50 percent less. We shall be repaying on average $450 million a year for years.

After the signing of the agreement, Grzegorz Kolodko, deputy prime minister and finance minister, said:

[Begin Kolodko recording] We are thus ending a 15-year period of abnormal financial relations involving Poland, we are ending a period of about a dozen years during which our country, our economy, was viewed through a lens of permanent debt, and we are entering a period during which we shall be seen through a lens of achievements of the Polish economy and its increasingly better development prospects.

I do not doubt—and I think the Western bankers who are in Warsaw today share this view—that this agreement has been signed, has been achieved as a result of the consistency with which the Polish public, the Polish authorities, the successive governments, including our government, are pursuing market restructuring of the

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Polish economy and creating good conditions for development in the future. Had this policy, the policy that lies behind the Strategy for Poland and the prospects that result from this, not been credible for the foreign banks, for the foreign financiers, we would certainly not have negotiated this agreement. [end recording]

Earlier, the representatives of the 10 banks were received by Sejm Speaker Jozef Oleksy and Prime Minister Waldemar Pawlak.

National Bank Head on Devaluation, Dispute

WS1509111594 Warsaw GAZETA WYBORCZA in Polish 15 Sep 94 pp 1, 17

[Interview with NBP President Hanna Gronkiewicz-Waltz by Konrad Sadurski; place and date not given: "On the Warpath"]

[Text] *The government is accusing the National Bank of Poland [NBP] of violating the law by changing the rate of zloty devaluation without consulting the Ministry of Finance and the Ministry of Foreign Economic Relations on this move. The NBP president revealed to GAZETA WYBORCZA how she had consulted with Prime Minister Pawlak and Deputy Prime Minister and Finance Minister Kolodko on the decision.*

The government issued a terse statement in which it criticized the NBP decision to reduce the zloty devaluation rate from 1.6 percent to 1.5 percent a month, effective 13 September. He also demanded that the central bank lower the interest rates on credits.

According to NBP President Hanna Gronkiewicz-Waltz, Prime Minister Pawlak agreed to the reduction in the devaluation rate. Deputy Prime Minister Kolodko, however, gave assurances yesterday that the prime minister assured him that he had not given such consent.

The NBP has been wanting to lower the devaluation rate since mid-July. The Finance Ministry, however, determined its approval on the bank's consent to lower interest rates on credits.

"Does the fact that the devaluation rate has been lowered without the consent of the finance minister mean that jthe NBP has started a war with the government?" we asked the NBP president.

[Gronkiewicz-Waltz] The NBP is responsible for strengthening the zloty, and this is its elementary task. Thus, it must, within the limits of the law, take all measures that serve this purpose. There is no doubt that the finance minister is not cooperating in the implementation of this task.

[Sadurski] What should we, the people, do if we see two such powerful establishments in a conflict? Should we hide our money in a closet, buy macaroni and canned goods?

[Gronkiewicz-Waltz] I believe that collection of such reserves is premature. I must admit, however, that there has not been such a great conflict with a finance minister as yet, even though Minister Kolodko is the fifth minister in a row with whom I have cooperated.

[Sadurski] Is it true that the prime minister has agreed to lower the devaluation rate?

[Gronkiewicz-Waltz] Yes, I discussed this with him on 9 September, and he agreed. I wanted to lower the devaluation rate to 1.5 percent a month; Deputy Prime Minister Kolodko spoke about even a 1.4-percent devaluation. Therefore, in the beginning, I decided on 1.45 percent. After a meeting with Prime Minister Pawlak, the NBP decided on 1.5 percent a month because this was the result of the prime minister's consultations with the foreign economic cooperation minister.

[Sadurski] Why, then, did the government protest?

[Gronkiewicz-Waltz] I do not know the answer to that; I did not take part in the government's session. However, my aides told me that the ministers' opinions on the issue were divided. Deputy Prime Minister Kolodko, who believes we lowered the devaluation rate against the law, is ready to shut his eyes to the operation if we lower interest rates. He asked the NBP vice president who was present at the government session to submit such a proposal to the NBP leadership.

[Sadurski] Why does the government have such a desire for interest rates to be reduced?

[Gronkiewicz-Waltz] Because the government is subordinating financial policy to the costs of servicing the domestic debt.

[Sadurski] Are you going to lower interest rates?

[Gronkiewicz-Waltz] No, I am not—not for the time being. However, if there are good economic reasons to do so, it is possible that we will do it as early as sometime this year.

[Sadurski] Is this really a dispute over only interest rates and devaluation? Or is there more to it?

[Gronkiewicz-Waltz] Judging by the facts and by the finance minister's statements, he wants to take over the actual powers of the NBP and conduct financial policy himself, despite his verbal declarations that he is in favor of the central bank's independence.

Now, if someone does not question the fact that the lowering of the devaluation rate was the right step but determines it on a reduction of interest rates, that means that this person intervenes in the independent decisions made by the NBP concerning interest rates. As far as this is concerned, the unequivocality of the NBP regulations does not raise anyone's doubts.

[Sadurski] Is this dispute over the unfortunate 0.1 percent not going to tarnish our reputation abroad?

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[Gronkiewicz-Waltz] It will certainly not be good for us. Despite that, at today's meeting, the London Club bankers congratulated me on my independence in making decisions.

[Sadurski] The government is accusing you of violating the law on the NBP while changing the devaluation rate.

[Gronkiewicz-Waltz] The first paragraph of Article 39 of the Law on the NBP entitles the Council of Ministers to establish the rules of setting the exchange rate. This is about whether the rate should be fixed or not. The second part of the article, however, empowers the NBP president to set the exchange rate within the framework of these rules. The resolution by the Council of Ministers of May 1991, issued on the basis of these regulations, entitles the NBP president, not the government, to set the devaluation rate.

Even decisions concerning the leaping devaluation have never been made by either the government or me or my predecessors (from February 1992 to August 1993). These decisions were always made by the NBP. The resolution does, however, oblige the minister of foreign economic relations and the finance minister with the NBP president, not the other way around. [sentence as published]

[Sadurski] Will the Constitutional Tribunal ultimately have to settle this dispute?

[Gronkiewicz-Waltz] Everything seems to suggest such a scenario.

[Sadurski] Deputy Prime Minister Kolodko agreed to lower the devaluation rate if, at the same time, interest rates are reduced. Are there any economic justifications to perform these two operations at the same time?

[Gronkiewicz-Waltz] Both operations exert influence on the price of domestic and foreign money. By reducing the interest rates in mid-May, we decreased the costs of domestic money (the cost of credits was lowered). After two months of watching the trade balance, we came to the conclusion that it improved so much that it is possible to reduce the devaluation rate and lower the costs of foreign money. Right now there is no reason for another reduction of interest rates. Inflation will be 4 percent higher than was predicted. If we performed these two operations right now, we would run the risk of increasing inflation even more.

[Sadurski] Foreign bankers congratulated you on your independence. However, the government is thinking of making such changes in the Law on the NBP that will considerably limit this independence.

[Gronkiewicz-Waltz] This coalition has a majority in parliament; therefore, it can pass any law. However, the question remains: What next? If we want to join the European Union [EU], our banking law cannot be an obstacle. The EU does not accept, for example, the financing of the deficit by the central bank, and we must bear this in mind before any changes are made in our regulations. The same goes for the idea of confining the independence of the central bank with a specially established political—or, as some people prefer to call it, social—supervisory board over the NBP president and its board. This is not found in the EU. However, it is this government that submitted a motion requesting Poland's admission to the EU.

Law on 1994 Budget

94EP0060A Warsaw RZECZPOSPOLITA (EVERYDAY LAW supplement) in Polish 13 Apr 94 p 12

[Law on Budget for 1994 dated 25 March 1994; also published in DZIENNIK USTAW (no date available)]

[Text]

Article 1.1. The receipts of the state budget are, pursuant to Appendix 1, fixed at 613,010,000 million zlotys [Z] [Z613.01 trillion]..

1.2. Spending from the state budget is, pursuant to Appendix 2, fixed at Z696,010,000 [Z696.01 trillion].

1.3. The deficit of the state budget is fixed at Z83,000,000 million [Z83 trillion] toward the end of 1994.

1.4. The balance of the foreign credit received and foreign obligations settled is negative and amounts to - Z21,359,690 million.

Article 2. The minister of finance is authorized to pay in 1994 long-term obligations of the state budget totaling Z25,960,275 million, of which:

1) Series IV-VII one-year state-loan bonds, up to a total of Z10,000,000 million.

2) Agreement with the National Bank of Poland [NBP] to determine the amount and settlement of debt of the state budget to said bank, incurred in the period 1982-89 and in 1991, totaling Z919,869 million.

3) Infrastructural investment credits for housing cooperatives, up to the amount of Z3,500,000 million.

4) Loan of Z700,000 million granted by the State Fund for the Rehabilitation of the Incapacitated.

5) Sixty-percent domestic state-loan bonds, up to the amount of Z406 million.

6) Series E and F bonds, denominated in U.S. dollars, up to the amount of Z10,500,000 million.

7) Assumption of obligations to the NBP ensuing from the refinancing credit of Z340,000 million granted to the Bank of Industry and Commerce, Inc., in Krakow.

Article 3.1. The deficit of the state budget, the negative foreign credit balance, the payment of long-term debts, and the implementation of the obligation referred to in

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Article 9, totaling Z130,320,152 million, will be offset with revenues from the credits received and proceeds from the sales of state-loan bonds and Treasury notes.

3.2. To obtain the revenues referred to in Paragraph 1, the minister of finance is authorized to:

1) Augment the debt to the NBP through direct purchase of Treasury securities from the issuer, by up to Z35,000,000 million but not less than Z30,000,000 million in cashable value.

2) Augment non-NBP debt by up to Z110,000,000 million in cashable value, of which:

a) Augment the debt in Treasury securities with redemption periods of less than one year and in credits, by altogether up to Z80,000,000 million in cashable value.

b) Sale of state-loan bonds with redemption periods of not less than one year, amounting to up to Z30,000,000 million in cashable value.

3) An itemized listing of the receipts and expenditures relating to the financing of the state budget deficit is provided in Appendix 3.

4) The minister of finance shall present to the Economic Policy, Budget, and Finance Committee of the Sejm quarterly reports on financing the fiscal deficit.

Article 4.1. The minister of finance is authorized to issue state-loan bonds with redemption periods of from one to five years; in the event some of these bonds are denominated in currencies other than the zloty, their value is reckoned in zlotys according to the currency exchange rate on the date of bond issue, and the aggregate nominal value of the bonds denominated in zlotys or foreign currencies may not exceed Z45,000,000 million.

4.2. The securities issued by the State Treasury, whether publicly traded or not (state-loan bonds and Treasury notes), are governed by the provisions of the Law of 22 March 1991 on Public Trading in Securities and Mutual Funds (DZ.U., No. 35, Item 155 and No. 103, Item 447, 1991; No. 44, Item 202, 1993 and No. 4, Item 17, 1994) to the extent specified in the conditions of their issue as referred to in Article 7.

4.3. Treasury securities—state-loan bonds issued pursuant to the authorization referred to in Paragraph 1 and Treasury notes—are sold to purchasers.

Article 5. The minister of finance is empowered to issue successive series of restructuring bonds, with the object of increasing the operating capital and reserves of banks up to Z19,000,000 million, for transmittal to state banks and the banks operating in the capacity of joint-stock companies in which the State Treasury is a majority shareholder, on condition that said banks meet the requirements of the Law of 3 February 1993 on the Financial Restructuring of Enterprises and Banks and Amending Certain Laws (DZ.U., No. 18, Item 82).

Article 6.1. The minister of finance is empowered to:

1) Raise loans from:

a) International financial organizations.

b) Other lenders.

2) Allocate:

a) Funds from the sources referred to in Point 1).

b) Interest earned from handling the funds referred to in Point 1) for financing the expenses of debt reduction and reorganization with respect to the debts owed to the commercial banks associated in the Club of London, hereinafter referred to as commercial banks, with the exception of additional expenses.

3) Handle the clearings referred to in Points 1) and 2) through a separate bank account of the state budget at the Commercial Bank of Warsaw, Inc., at its London branch.

4) Issue bonds to procure the NBP funds intended to finance the practical application of the agreement with the commercial banks.

5) Issue securities up to a value matching the aggregate cost of the obligations ensuing from the agreement with the commercial banks.

6) Issue other securities to procure the NBP funds intended to finance the practical application of the agreement with the commercial banks.

6.2. The amounts expended from the account referred to in Paragraph 1, Point 3) may not jointly exceed the sum total of the loans raised as referred to in Paragraph 1, Point 1) plus the interest referred to in Paragraph 1, Point 2b).

6.3. The bonds issued serving to redeem funds from the reserves of the NBP referred to in Paragraph 1, Point 4) are not debited to the cap referred to in Article 3, Paragraph 2, Point 1).

6.4. The minister of finance shall submit, as an appendix to the report on the execution of the 1994 state budget, a separate report on the transactions relating to the account referred to in Paragraph 1, Point 3).

6.5. In the cases referred to in:

1) Paragraph 1, Point 2b), the provisions of Article 3, Paragraph 1, Point 8) do not apply.

2) Paragraph 1, Point 3), the provisions of Article 50 of the Budget Law of 5 January 1991 (DZ.U., No. 72, Item 344, 1993) do not apply.

6.6. The provisions referred to in Paragraph 1 are not governed by Article 5, Paragraph 2, Article 6 and Article 9, Point 6), of the Foreign Exchange Law of 15 February 1989 (DZ.U., No. 6, Item 33, 1989; No. 74, Item 441,

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1989; No. 35, Item 155, 1991; No. 60, Item 253, 1991; and No. 100, Item 442, 1991).

Article 7. The minister of finance shall issue an executive order defining the requirements for the issuance of the bonds referred to in Article 4, Paragraph 1, Article 51 and Article 6, Paragraph 1, Points 4)-6), and, in particular, the face value of discrete issues, the nominal value of the bonds, the interest rate and the interest-fixing procedure, the scheduling of redemption and interest payments, the authorized purchasers, the procedure for determining the issue price, and the prescription dates.

Article 8.1. The minister of finance shall grant to the Guaranteed Employee Benefits Fund a noninterest bearing loan of up to Z600,000 million by 25 March 1994.

8.2. The repayment of the loan referred to in Paragraph 1 shall take place not later than 30 June 1994.

Article 9. the minister of finance is empowered to grant in 1994 loans that the now-abolished Central Tourism and Vacations Fund had been obligated prior to 31 December 1990 to grant, up to the amount of Z187,000 million.

Article 10.1. The minister of finance may allocate the proceeds from the sale of assets of the State Treasury earmarked for the Employee Vacations Fund, pursuant to Article 7, Paragraph 1 of the Law on the Employee Vacations Fund (DZ.U., No. 11, Item 84, 1988, and No. 21, Item 85, 1992), for eliminating the financial consequences of the cessation of subsidies to that fund from the state budget.

10.2. At the request of the general director of the Employee Vacations Fund, the minister of finance shall consent to the sale of the assets referred to in Paragraph 1.

10.3. The sale of the assets referred to in Paragraph 2 shall be handled by the general director of the Employee Vacations Fund. The difference between the proceeds from that sale and the funds allocated for eliminating the consequences referred to in Paragraph 1 as well as the expenses associated with that sale is transmitted to the state budget.

Article 11.1. The receipts and expenditures of extrabudgetary state units as well as their settlements with the state budget are as follows:

1) Their own receipts amount to Z21,007,828 million.

2) Their subsidies (excluding investment subsidies) from the state budget amount to Z4,379,254 million.

3) Their expenditures, exclusive of payments into the state budget, amount to Z24,262,209 million.

4) Their payments into the state budget amount to Z620,757 million.

11.2. The allocation of the funds referred to in Paragraph 1 among the parts of the budgetary classification and the forms of extrabudgetary operations is determined in Appendix 4.

Article 12. The plans for the receipt and expenditures of targeted state funds are determined in accordance with Appendix 5.

Article 13.1. The list of the central investment projects to be implemented in 1994 is contained in Appendix 6.

13.2. The funds earmarked for financing the central investment projects included in the list referred to in Paragraph 1 may not, with the proviso of Paragraph 3, be spent for other purposes.

13.3. The minister of finance, in consultation with the minister-director of the Central Planning Office, may consent to a change in the purpose for which the funds referred to in Paragraph 2 may be spent, upon accordingly notifying the appropriate Sejm committee for budgetary affairs.

Article 14.1. The subsidies for nonstate units to implement assignments from the state are set at Z2,504,785 million.

14.2. The allocation of the amount referred to in Paragraph 1 among the discrete parts and sections of the budgetary classification is determined in Appendix 7.

Article 15.1. Targeted subsidies for implementing objectives relating to government administration and assigned to the gminas [local governments] are set at a total of Z14,509,977 million.

15.2. The allocation of the amount referred to in Paragraph 1 among the discrete parts and sections of the budgetary classification is determined in Appendix 8.

Article 16.1. The targeted subsidies for objectives relating to government administration and allocated for implementation to local government bodies are fixed at a total of Z8,002, 864 million. This concerns local government bodies in specified cities pursuant to the Executive Order of 13 July 1993 of the Council of Ministers on Defining the Functions and Powers Relating to General and Special Government Administration That May Be Delegated to Certain Gminas With Municipal Status, Along With the Assets Serving for Their Implementation and the Guidelines and Procedure for Allocating These Subsidies (DZ.U., No. 65, Item 309; No. 81, Item 384; No. 92, Item 426; No. 101, Item 463; No. 103, Item 471; and No. 115, Item 510).

16.2. The allocation of the amount referred to in Paragraph 1 among discrete cities and sections of the budgetary classification is determined in Appendix 9.

16.3. Gmina councils are authorized to shift expenditures from one section to another by passing appropriate resolutions, up to the limit of the subsidy referred to in Paragraph 1, upon accordingly notifying the appropriate

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voivode [province governor], the minister-chief of the Office of the Council of Ministers, and the minister of finance.

16.4. Changes in the scope of the objectives accepted by the gminas under the executive order referred to in Paragraph 1 require concluding a separate agreement by the procedure defined in said order.

Article 17.1. The following reserves are set aside in the state budget:

1) Z573,494 million, earmarked for subsidizing infrastructural investments implemented in the system of public works as the normal functions of the gminas, in regions threatened by high structural unemployment.

2) Z297,210 million, earmarked for regional restructuring programs.

17.2. The Council of Ministers shall issue an executive order defining the procedure for the submission of related requests and the guidelines for granting subsidies from the reserves referred to in Paragraph 1.

Article 18. The aggregate amount of itemized subsidies of products and services is fixed at Z5,373,700 million, of which:

1) Z200,000 million in subsidies for passenger cars sold by advance subscription.

2) Z65,000 million in subsidies for meals sold in milk bars.

3) Z3,390,000 million in subsidies for domestic passenger rail transit.

4) Z1,643,200 million in subsidies for intercity bus transit, of which Z175,000 million for the intercity transit in Katowice Voivodship operated by the Municipal Transportation Enterprise.

5) Z75,500 million in subsidies for the publication of specialized school and college textbooks.

Article 19. The following partial subsidies are allocable:

1) Z3,827,530 million for the expenses of certain projects relating to biological progress in agriculture, provision of agrotechnical information, control of infectious animal diseases, monitoring of the quality of food products, geodesic-installation work for the needs of agriculture, lime fertilizers from basic and local production, pesticides and herbicides, maintenance of basic land reclamation facilities, hydrotechnical companies engaging in land reclamation, and the heating of instructional facilities at the auxiliary farms operated by agricultural schools.

2) For investment outlays on:

a) Rural water supply and sewage facilities—a total of Z573,193 million.

b) Basic and specified land-reclamation projects—a total of Z802,228 million.

Article 20.1. Housing cooperatives are allocated a total of Z5,600,068 million in partial subsidies for central heating, hot water, the elimination of technological defects, the renovation of heating facilities, and the installation of heat and water meters in their housing stock.

20.2. The minister of land use and construction, in consultation with the minister of finance, shall issue an executive order defining the allocation of resources for the purposes referred to in Paragraph 1 and the guidelines for granting and reckoning the subsidies included in Part 85, Composite Budget of the Voivodes.

20.3. The allocation and procedure for the transmittal of subsidies to individual housing cooperatives is determined by the voivodes.

Article 21.1. The subsidy to the State Atomic Energy Agency for additional funding of the operation of nuclear reactors at the Swierk Atomic Energy Institute is set at Z25,000 million.

21.2. The chairman of the State Atomic Energy Agency shall transmit funds for the purpose referred to in Paragraph 1 after the Swierk Atomic Energy Institute specifies the scope of the needed operations and provides a report on the allocation of its own funds for that purpose.

Article 22. The partial subsidy for the maintenance and repair of the railroad infrastructure is set at Z3,400,000 million.

Article 23.1. The Gorzow, Jelenia Gora, Szczecin, and Zielona Gora voivodes are empowered to transmit subsidies of up to Z8,000 million each for commencing the activities of the Polish-German Society for Supporting the Economy, Inc.

23.2. The Council of Ministers is placed under the obligation of transmitting to the appropriate Sejm committee for budget affairs the reports of the voivodes referred to in Paragraph 1 on the utilization of the subsidies referred to in Paragraph 1, within the period of time specified for the submission by the Council of Ministers of a report on the execution of the state budget.

Article 24.1. The Council of Ministers is empowered to augment spending from the state budget and to augment, correspondingly, the fiscal deficit, in the event of receipt of the foreign credits allocated for:

1) A new issue, by the State Treasury, of shares in the Universal Insurance Administration, Inc., amounting to the equivalent of $200 million in zlotys.

2) Sponsoring the restructuring and warding off the liquidation of enterprises, with funds amounting to the equivalent of $225 million in zlotys.

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3) Investments in health care, amounting to the equivalent of $200 million in zlotys.

24.2. The increased spending referred to in Paragraph 1 can take place after corresponding amounts of the foreign credits are deposited in the account of the state budget.

Article 25. The aggregate budget reserves for unforeseen expenditures are fixed at Z277,000 million.

Article 26.1. The directions of the privatization of public wealth are defined in Appendix 10.

26.2. The receipts of the state budget from the privatization of public wealth are allocated for offsetting the expenditures referred to in Appendix 2, up to the amount of Z12,300,000 million.

Article 27. Voivodes are empowered to transmit the proceeds from the sale of the facilities vacated by Russian troops temporarily stationed in the Polish Republic to the special accounts set up for funding the expenses of protecting and appraising these facilities and organizing their sale.

Article 28.1. State budget funds amounting to Z9,750,000 million shall be spent on temporary redemption of obligations to banks relating to the interest due on the loans granted for housing construction.

28.2. The Council of Ministers is authorized to earmark a part of the amount referred to in Paragraph 1 for the lump-sum redemption of obligations to banks relating to the interest due on the loans granted for housing construction before 31 December 1989 and reckoned for the period specified in the executive order referred to in Paragraph 3.

28.3. The Council of Ministers shall issue an executive order defining the guidelines and procedure for:

1) The temporary redemption of the obligations to banks referred to in Paragraph 1 and the settlement of the related accounts with banks and borrowers.

2) The lump-sum redemption of the obligations to banks referred to in Paragraph 2.

Article 29. The minister of industry and trade, in consultation with the minister of finance, shall issue an executive order defining the guidelines and procedure for the granting and utilization of the mining subsidies included in the budget of the Ministry of Industry and Trade.

Article 30.1. The numbers of Police personnel are set at 99,239, of whom:

1) 24,000 positions are in the officer corps.

2) 29,000 positions are in the officer candidate corps.

3) 46,239 positions are in the noncommissioned officer corps.

30.2. The minister of internal affairs may reshuffle the numerical limits among the various corps.

Article 31.1. The state budget units belonging in the Education and Health sections of the state budget may, with the proviso of Paragraphs 2 and 3, earmark their revenues for special funds to offset the expenses of:

1) Procuring additional revenues, up to the amount of these revenues.

2) Principal operations as well as acquisitions relating to investment projects of a reproductive nature, with the exception of the related remuneration of personnel, with priority given to meeting the basic obligations of the budget unit.

31.2. The provisions of Paragraph 1 do not apply to the revenues of sanitary-epidemiological stations from activities relating to current and preventive supervision.

31.3. The revenues referred to in Paragraph 1 may originate from:

1) Sales of assets.

2) Sales of tobacco products and alcoholic beverages on the territory of the budget unit.

Article 32.1. The following powers are vested in:

1) The minister of finance—the power to reshuffle spending among sections of voivodship budgets, upon the request of the voivode and following consultation with the minister-chief of the Office of the Council of Ministers and the concerned ministers.

2) The voivodes—the power to earmark for emergency reserves, by executive privilege, 1 percent of the spending from the voivodship budget.

32.2. In the cases referred to in:

1) Paragraph 1, the provisions of Article 45, Paragraph 1 do not apply.

2) Paragraph 1, Point 2), the provisions of Article 6, Paragraph 2 of the Budget Law of 2 January 1991 do not apply.

32.3. Voivodes notify the minister-chief of the Office of the Council of Ministers and the minister of finance about fund transfers from the reserves referred to in Paragraph 1, Point 2).

Article 33. The minister of finance is empowered to refund to the Social Insurance Fund the difference between the mandatory regular social insurance premium and the social insurance premium payable by people directly employed in farming as employees or as members of cooperatives.

Article 34.1. Budget unit heads of units collecting scheduled nontax receipts for the state budget are authorized to:

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1) Commission the collection of nontax receipts for the state budget to entities other than the offices of the state administration, in return for a fee, with the proviso that the collection be accomplished on schedule or inclusive of interest charged on arrears.

2) Assign up to 4 percent of the revenues collected by the procedure referred to in Point 1) for defraying the expenses of such collection.

34.2. The entities participating in the collection of the revenues from foreign sources for funding the expenditures of the state budget are entitled to a commission of 0.5 percent of the revenues collected so as to defray their attendant expenses.

34.3. The minister of finance shall issue an executive order defining the size of the commission referred to in Paragraph 2 and the related eligibility requirements.

Article 35. The following caps are set on spending on salary and wage increases for state employees and pensioners as well as for military and related personnel:

1) For state employees and pensioners: Z16,517, 316 million.

2) For career and noncareer military and related personnel: Z4,182,255 million.

3) For common-court judges and procurators: Z549,017 million.

Article 36. The sum of Z3,718,900 million in the budget of the Ministry of National Defense, allocated for the acquisition of equipment and domestic-arms production, including the line item of Z300,000 million for the acquisition of Iryda aircraft from the Mielec-PZL [Aviation Industry Plant], is exclusively earmarked for spending for these purposes.

Article 37. In 1994, the provisions of Article 34 of the Law of 31 January 1989 on the NBP (DZ.U., No. 72, Item 360, 1992 and No. 6, Item 29, 1993) will not apply.

Article 38. The minister of finance is empowered to invest in the money market the funds received from the Russian Federation to pay indemnity pensions to people injured by USSR military personnel who had been temporarily stationed on the territory of the Polish Republic.

Article 39. The minister of finance and the banks providing credits for central investments on the basis of government loan guarantees are placed under the obligation of revising not later than by 30 June 1994 the terms of the following loan-guarantee agreements concluded on 9 November 1990 pursuant to a resolution of the Council of Ministers:

1) No. 46/90 of 30 March 1990, concerning the registered list of central investments and the allocation of funds from the 1990 central budget for central investments and budget units.

2) No. 58/90 of 17 April 1990, concerning the freeze of the implementation or funding of certain central investments so as to adapt the related terms of loan guarantees to the mandatory rules fixed in separate regulations concerning the period of validity of the guarantee and the aggregate amount of obligations of the state budget involving each such guarantee.

Article 40.1. Government loan guarantees grantable pursuant to Article 23 of the Budget Law of 5 January 1991 may be granted in 1994 up to a total amount of Z25,000,000 million, of which guarantees for foreign credits in an amount of not more than Z15,000,000 million.

40.2. In 1994, the Council of Ministers may guarantee, within the limits of the sum specified in Paragraph 1 and in a form other than that of a government loan guarantee, to foreign banks and international financial institutions the repayment of foreign credits or loans inclusive of interest and other costs, if so required by international principles or customs.

40.3. The State Treasury has the right to claim refunds of the funds transmitted from the state budget for the purposes referred to in Paragraphs 1 and 2, along with other obligations of the State Treasury relating to the payment of guaranteed loans, interest, and other costs.

40.4. The obligations referred to in Paragraph 2 are correspondingly governed by the provisions of Article 23, Paragraph 4 and the regulations issued pursuant to Article 23, Paragraph 5 of the Budget Law of 5 January 1991.

Article 41. The NBP in 1994 shall make profit payments into the state budget at monthly intervals; the final settlement of these payments shall take place on the deadline specified in Article 77 of the Law of 31 January 1989 on the NBP.

Article 42.1. Targeted subsidies for the normal operations of local governments are fixed at a total of Z2,520,228 million, of which:

1) Z900,000 million for defraying part of the expenses on the development of land intended for housing construction, pursuant to Article 10 of the Law of 4 October 1991 on Amending Certain Terms for the Preparation of Investments in Housing Construction in the Years 1991-95 and on Amending Certain Laws (DZ.U., No. 103, Item 446).

2) Z573,494 million for the investments referred to in Article 17.

3) Z1,046,734 million for the local-government investments defined in Appendix 6.

42.2. Voivodes are empowered to specify or augment, within the limits of the funding caps specified in the law for given budgetary sections, targeted subsidies for the operating expenses of local governments, upon correspondingly notifying the minister of finance.

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Article 43. A mandatory contribution to the Labor Fund is payable by workplaces and people who are not employees of workplaces but are covered by social security or retirement pensions relating to other nonagricultural activities; the contribution is fixed at 3 percent of the basis for determining the social-security or retirement-pension premiums.

Article 44. A 10-percent tax payable to the state budget, as construed by the law of 31 January 1989 on the Financial Management of State Enterprises (DZ.U., No. 6, Item 27, 1992; and No. 18, Item 82, 1993), is mandatory.

Article 45. Ninety-five percent of the proceeds from the sale or liquidation of equipment of the units under the jurisdiction of the minister of national defense and the minister of internal affairs as well as of Prison Service units is earmarked for defraying the expenses of the sale or liquidation and the acquisition of new equipment, and the remaining 5 percent is transferred to the state budget.

Article 46.1. A subsidy from the state budget may be granted in 1994 to pay part of the interest due the banks on loans granted for the acquisition of mineral fertilizers and pesticides, procurements and storage of crops, storage of reserves of farm products, procurements and storage of seafood, biological advances in farming, expenditures on adapting farms to food production by ecological techniques, and procurements of fuel for agricultural purposes.

46.2. The guidelines and procedure for subsidizing the loans referred to in Paragraphs 1 and 4 shall be defined in an executive order issued by the Council of Ministers.

46.3. Until the issuance of regulations governing the guidelines for granting subsidies in 1994, the obligations of the state budget relating to subsidies for paying the interest due banks on loans granted in 1994 shall continue to follow the guidelines defined in Paragraph 4, Point 3).

46.4. Until the issuance of regulations governing the guidelines for granting subsidies in 1994 for the payment of interest due banks on loans granted before 1 January 1994 for the application of biological advances in agriculture, fertilizers and pesticides, land purchases for farming purposes, investments in the colonization of land within five years from the date of its acquisition and land leased for a period of at least 10 years, implementation of ecological objectives, procurements and storage of crop reserves from the 1993 harvest until 30 September 1994, and procurements and storage of seafood stocks until 30 April 1994, these obligations shall be implemented pursuant to the provisions of the executive orders of the Council of Ministers dated:

1) 21 May 1993, Concerning the Scope, Guidelines, and Procedure for Granting to Borrowers Partial Assistance From Budgetary Funds in 1991 in Payment of the Loan Interest Due Banks (DZ.U., No. 50, Item 217).

2) 3 March 1992, Concerning the Detailed Scope, Guidelines, and Procedure for Granting Partial Subsidies From the State Budget for the Payment of Interest on Bank Loans Granted in 1992 (DZ.U., No. 24, Item 102).

3) 14 April 1993, Concerning the Detailed, Scope, Guidelines, and Procedure for Granting Partial Subsidies From the State Budget for the Payment of Interest on Bank Loans Granted in 1993 (DZ.U., No. 30, Item 137).

Article 47. The arrears due the Central Fund for the Development of Science and Technology by the entities defined in Article 2, Point 2) of the Law of 27 April 1989 on the Central Fund for the Development of Science and Technology (DZ.U., No. 25, Item 134 and No. 64, Item 389) are governed by the provisions of the Law of 19 December 1980 on Tax Obligations (DZ.U., No. 108, Item 486, 1993 and No. 134, Item 646, 1993).

Article 48.1. In 1994, the deduction for the administrative fund of Farmers' Social Security from the retirement-and-pension fund shall amount to Z1,600,000 million.

48.2. To the extent specified in Paragraph 1, the applicability of Article 79, Paragraph 2 of the Law of 20 December 1990 on Farmers' Social Security is suspended.

Article 49.1. The minister of finance is empowered to combine special lines of credit for funding tourism-related investments and projects set up pursuant to Article 30, Paragraph 1 of the 1992 Budget Law of 5 June 1992 (DZ.U., No. 50, Item 229 and No. 88, Item 443) and Article 40, Paragraph 1 of the 1993 Budget Law of 12 February 1993 (DZ.U., No. 14, Item 64 and No. 109, Item 487).

49.2. The minister of finance, in consultation with the chairman of the Office for Physical Culture and Tourism, shall issue an executive order defining the guidelines, interest rate, and period of repayment for granting loans from the funds deriving from the repayment of the remaining obligations to the abolished Central Tourism and Vacations Fund in the years 1992-93, for the establishment of the special lines of credit referred to in Paragraph 1, insofar as said funds were not utilized by 31 December 1993.

Article 50. The indicators referred to in Article 3, Paragraph 2 of the Law of 10 December 1993 on Wage and Salary Funding for State Employees and Pensioners in 1994 (DZ.U., No. 129, Item 601) are as follows:

1) Anticipated increase in the average wages of employees of state enterprises: 28.5 percent.

2) Planned mean annual increase in the prices of consumer goods and services: 27 percent.

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Article 51. The present Law takes effect on the day of its publication and is binding retroactive to 1 January 1994.

NOTE FROM THE EDITORS: We are not publishing the appendixes to this Law becauae their text runs to several hundred pages.

Arms-Industry Situation Said Improving

WS1409122894 Warsaw GAZETA WYBORCZA in Polish 14 Sep 94 p 17

[Article by (orka): "Arms Industry Wants Orders"]

[Text] The financial situation of arms factories is improving with each passing year. However, the future of the entire sector depends on orders from the Polish Army. The number of such orders is not great because the Army does not have money, representatives of the Ministry of Industry say.

During yesterday's closed session of the National Defense Committee, the ministry presented the situation of the Polish arms industry to the deputies.

According to Colonel Jerzy Kade of the Ministry of Industry, the economic condition of state-owned enterprises in recent years has been steadily improving. A comparison of the financial results of the first six months of 1993 and the first six months of 1994 shows that increasingly more companies are regaining financial liquidity and creditworthiness. "This is a consequence of the lessening of the debt burden and of the restructuring of the sector that has been carried out since 1991," says Kade. "A year ago, only 11 arms-producing plants were creditworthy; right now there are already 21 such facilities," he added.

However, only this year will the factories embark on the so-called sector restructuring (to date, each of them has been implementing the restructuring on an individual basis). This is possible because the government has already approved of the program for equipping the Armed Forces.

The Army would like for the Sokol helicopter to be adapted to the needs of the air cavalry in the near future. Military officials also support the idea of designing the new-generation Goryl tank. It is supposed to replace the antiquated T-72 tank and the Twardy tank.

The deputies were also interested in the future of the development and production program of the Skorpion, a battlefield aircraft, proposed by the Polish Aviation Plant in Okecie. According to the ministry, this program will not be implemented in the immediate future. The Polish Army needs approximately 60 such aircraft. Thus, its production is not profitable because there are no chances of exporting the aircraft.

This year's budget of the Ministry of National Defense [MON] is 47.8 trillion zlotys [Z] (including military retirement pensions) and constitutes 2.1 percent of the GDP. According to MON, it should constitute at least 3 percent of the GDP. Prime Minister Pawlak announced that this year the process of degradation of our Army will be curbed. However, the Z57.2 trillion proposed by Minister Kolodko for 1995 is 2.3 percent of planned GDP.

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Army Unit Participates in International Exercise

AU1409203894 Bucharest Radio Romania Network in Romanian 1700 GMT 14 Sep 94

[Report by Nicu Popescu]

[Excerpt] Esteemed listeners, good evening. The multinational military exercise Cooperative Bridge '94 has continued today with the Romanian platoon firing small arms on the rifle range at the Biedrusko Training Center near Poznan, Poland.

The goal of this exercise is to familiarize soldiers with the weapons of states that are participating in Partnership for Peace. Thus, our soldiers have had the opportunity to use, apart from their own weapons, the 5.45-mm automatic rifle, the U.S. 5.65-mm M-16, the British platoon's 5.66-mm SA80, and the Dutch soldiers' 7.62-mm SAL. There was no need to fire the Ukraine platoon's ACA47 since it resembles the Romanian weapon.

The platoon commander, Lieutenant Dan Petrescu, as well as the soldiers under his command, expressed great satisfaction with the results but stressed that our platoon's weapon is in no way inferior to the others, indeed quite the opposite.

Esteemed listeners, I remind you that the Romanian platoon, together with one from Britain, one from Ukraine, and one from the Netherlands, make up the British team under the command of Major Niels Tower.

Tomorrow, our platoon together with the team will carry out various operations under the general heading of observation. [passage omitted]

Anti-Corruption Secret Service Planned

AU1009124494 Bucharest ROMANIA LIBERA in Romanian 31 Aug 94 p 3

[Unattributed report: "We Are Becoming the Country With the Most Secret Services Per Capita"]

[Text] Sources in the Ministry of the Interior leadership told an A.M.PRESS reporter that the famous unit "two and a quarter" (0215), the ministry's counterintelligence service, is often ineffective in the provinces, mainly in the solving of personnel corruption cases. The situation is due primarily to the fact that in the provinces, Unit 0215 is using local officers and NCO's who have numerous connections in the respective area and this makes them ineffective. Therefore, the Interior Ministry is studying the possibility of setting up a new service in charge of fighting corruption among the institution's personnel. By establishing this new directorate, the number of special services in our country will rise to eight, Romania will thereby become the country with the most secret services per capita. The former interior minister, General George Ioan Danescu, had already set up an anti-corruption directorate which is still operating.

Government Appoints Radio-TV Council Candidates

AU0909165994 Bucharest Radio Romania Network in Romanian 1300 GMT 9 Sep 94

[Text] A government meeting is currently being held at Bucharest's Victoria Palace. Government Spokesman Ioan Rosca began a news conference at 1500 [1200 GMT] and referred to issues discussed by the cabinet up to that hour.

He announced that the government appointed its candidates for the Administrative Councils of the Romanian Television Company and the Romanian Radio Broadcasting Company respectively. Hence, Mr. Dorin Suciu, press correspondent in Budapest, was appointed for the television and Mr. Ioan Rosca, the spokesman of the government, was appointed for the radio.

Likewise, in today's government meeting the prime minister also introduced two new secretaries of state: Gheorghe Prisacaru, head of the European Integration Department, and Virgil Popescu, secretary of state with the Ministry of Communications.

Teodor Purcare and Lucian Stingu were released from the Administrative Council of the State Property Fund and Alexandru Stanescu, state secretary with the Ministry of Industries and Ion Pirgaru, state secretary with the Ministry of Trade were appointed to the respective positions.

During today's meeting, Romania's Foreign Minister Teodor Melescanu briefed the executive about his talks with officials in Budapest as well as actions carried out in Romania to grant assistance to the Republic of Moldova. The foreign minister noted the fact that apart from the 1 billion lei offered by the Romanian Government, many counties started sending aid to the Republic of Moldova. It was also pointed out that currently a Romanian delegation is visiting Chisinau to establish priorities for the needs of the Republic of Moldova's inhabitants.

The Romanian foreign minister also informed the executive about the meeting that took place at the Foreign Ministry on 2 September with the representatives of various foundations that extended an invitation to the former king to participate in the symposium devoted to the 23 August act, noting that the act of granting visas is a prerogative of authorized bodies and is made upon request by the interested persons.

The government spokesman told the media representatives that the executive connects the act of granting a visa to a public recognition of the Constitution and to the private nature of the visit and that the latest declarations of the former king do not meet these conditions.

In connection with the issue of facilitating the flow of financial means among economic units, it was decided that on Wednesday [14 September] at noon, the prime minister will meet with experts in economic ministries in

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order to establish concrete measures to improve system of settling accounts among enterprises.

Further, the news conference's invited guest, Constantin Ticu, secretary of state and head of the Machines Building Industry Department, discussed the strategy of restructuring the tractor and agricultural machinery industry, our correspondent informed us.

PL'93 Decision To Run in Local Elections Viewed

AU1309081194 Bucharest CURIERUL NATIONAL in Romanian 2 Sep 94 p 3

[Article by Ralu Filip: "Liberal Party '93 Jeopardizes the Unity of the Democratic Convention of Romania"]

[Text] There is little chance that the Liberal Party '93 [PL'93] is going to forgo its decision to run on separate lists from the Democratic Convention of Romania [CDR] in the next local elections. Having decided this, the leaders of the party probably thought that they will kill more birds with one stone. Given the fact that local elections represent the most important test before the legislative elections, PL'93 will have the opportunity to check its image and electoral capital and, further, to estimate the chances it might have at the next general elections. However, even more important than that is the following: if Dinu Patriciu's [PL'93 leader] party obtains a satisfactory proportion, it will obtain a larger number of counselors and mayors than the other parties included in the CDR. The PL'93 will benefit from this situation when the CDR's lists of candidates in the general elections is being set up.

After it succeeded with difficulty in coping with the dissatisfaction expressed by the Civic Alliance Party [PAC], the CDR is again in a shaky situation because the PL'93 is threatening its unity. This party's decision to run separately at the next local elections has displeased the rest of the CDR members, which are aware of the advantage that the liberals led by Dinu Patriciu and Horia Rusu [PL'93 leaders] might gain. On the other hand, the efforts made to preserve and consolidate the unity of the CDR seem to be futile if, in the local elections, the electorate will have to vote either for PL'93 or for the CDR candidates. Since PL'93 belongs to the CDR, there is the risk that the electorates will no longer understand anything.

Currently, the interesting thing is how the National Peasant Christian-Democratic Party [PNTCD] plan to call the PAC to order—a plan supported by the PL'93—is turning against the peasant party. It is well known that the additional act in the 1993 protocol of the CDR stipulates that the hierarchical system will be applied in accordance with the number of mayors, counselors, and legislators of each party. The PNTCD believed that by imposing the addendum, it will win in the dispute with the PAC, it will maintain its dominant role in the CDR, and, also, it will preserve the unity of the Convention in accordance with the principle that the one who withdraws from the CDR disappears from the political scene. The PNTCD also relied on the fact that, in the local elections, the CDR will run on joint lists and this would be highly rewarding for them, because, in this way, the PNTCD could obtain the largest number of counselors and mayors. The PL'93 has spoiled the calculations of the PNTCD. Ludovic Orban, member in the PL'93 leadership, motivated the decision of his party also through the fact that, so far, after local elections for the position of mayor, usually the PNTCD candidates won the respective positions. Hence, the PL'93 no longer accepts the domination of the PNTCD and tries to move forward independently. On the other hand, if the CDR agrees that Dinu Patriciu's party can run on separate lists in the local elections, then, it has to accept that the PAC can run on separate lists at the general elections.

What will Corneliu Coposu [PNTCD president] and Emil Constantinescu [CDR president] do? Will they force the PL'93 to reverse its decision to run on separate lists in the local elections, or, will they exclude Dinu Patriciu from the CDR? Will they tolerate the "deviation" for the sake of CDR unity? According to observers, the reaction will be unambiguous, because, by giving in to the PL'93, the chances of this party later subordinating the Democratic Convention will increase.

PDSR Terms Funar's Reactions 'Extremist'

AU1409185894 Bucharest ROMANIA LIBERA in Romanian 7 Sep 94 p 9

[Report by Corneliu Antim: "PDSR—The Policy Toward Hungary Under Pressure From Extremist Reactions"]

[Text] Setting out from the principle that Romania's foreign policy bears, as is natural, the hallmark of the PDSR [Social Democracy Party of Romania] platform in this domain, Mr. Gheorghe Prisacaru, the head of the international policy department of the party, has approached the issue of the Romanian-Hungarian negotiations from a rather general angle. Being cornered by the political agitation that broke out in connection with that issue over the past 48 hours—which culminated with the [5 September] open letter of the PUNR [National Romanian Unity Party] leader [Gheorghe Funar] addressed to the CDR [Democratic Convention of Romania] chairman [Emil Constantinescu], requesting the outlawing of the UDMR [Democratic Union of Hungarians in Romania] from the political life of the country, Mr. Prisacaru pointed out that "the PDSR does not consent to the UDMR's pretense to be admitted as a negotiating party to the talks with Hungary."

Regarding the 5 September intervention of Mr. Funar, Prisacaru assessed it as an act which is contrary to the official declaration issued by the PUNR following the meeting of that—currently governmental—party's leaders with the foreign minister [Teodor Melescanu], as

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the latter declaration was explicitly serving the interests of the country. Mr. Funar's deflection from that conduct line violates, as Prisacaru said, the agreements which had been concluded by the PDSR and the PUNR, and perpetuates certain PUNR leaders' practice of taking personal political initiatives with disturbing effects. Funar's action will be discussed by the leadership bodies of the ruling party and will be penalized in accordance with the thus created situation.

In conclusion, the head of the PDSR "diplomatic corps" could not avoid admitting, albeit in a muted tone, that "Mr. Funar's manifestation belongs to the category of extremist reactions, with respect to which the PDSR policy continues to stay unreconcilable." After having joined the government, the PUNR was expected to comply, by its entire behavior, with the political program of the government to which it now belongs, concluded Mr. Prisacaru in a disappointed tone.

Law on Leasing Agricultural Land, Assets

94BA0279a Bucharest MONITORUL OFICIAL in Romanian 7 Apr 94 pp 1-3

[Text]

Romanian Parliament
Chamber of Deputies, Senate

Law on Leasing

The Romanian Parliament adopts the present law.

Article 1

Agricultural assets can be leased under the conditions of this law.

Agricultural assets that can be leased are taken to mean land intended for agricultural purposes, namely: productive agricultural land (arable land, vineyards, orchards, grapevine and fruit tree nurseries, fruit bearing shrubs, hops and mulberry plantings), wooded pastures, land used for agricultural and livestock constructions and installations, fish raising and land improvement installations, utility roads, platforms and storage areas used for agricultural production requirements, nonproductive land that can be adapted and used for agricultural production, as well as animals, constructions of all kinds, machinery, tools, and other such goods intended for agricultural purposes.

Article 2

Leasing is taken to mean the contract secured between the owner, beneficiary, or other legal holder of agricultural assets, and the lessee, regarding the utilization of agricultural assets for a determined period and at a price established by the parties.

Article 3

The lease is realized through written contract secured between the owner, beneficiary, or other legal holder of agricultural assets, on one part, and the lessee, on the other part. The contracting parties can be persons or legal entities.

As a person, the lessee must be a Romanian citizen, reside in Romania, and present the guarantees requested by the lessor.

As a legal entity, the lessee must be of Romanian nationality, reside in Romania, and his objective must be the utilization of agricultural assets.

Article 4

Autonomous management groups, agricultural institutes and research and production stations, commercial companies, and other units that own or administer state-owned land cannot lease the agricultural assets stipulated in Article 1 paragraph 2 of the present law.

Service economic units with majority state capital, created through the transformation of former agricultural mechanization stations, cannot lease agricultural land.

Any leasing action that violates the provisions of the present article is null and void.

Article 5

The lease contract will include:

a) The contracting parties and their residence or business addresses;

b) The complete and precisely defined purpose of the contract; the purpose of the contract must include a detailed description of all leased agricultural assets, their inventory, and a plan of the land;

c) The obligations of each of the parties, indicated expressly and completely;

d) The duration of the lease;

e) The lease, and the means and dates of its payment;

f) The responsibilities of each party; any land area or any other agricultural asset retained by the owner, beneficiary, or legal holder will be specified separately in the contract;

g) Other terms agreed upon by the parties and permitted by law.

Article 6

The lease contract will be in writing, with a copy to each party, and one copy to be filed with the local council of the territorial area in which the agricultural assets are located, within 15 days from the date the contract is secured. The contract is recorded in a special registry maintained by the secretary of the local council.

When the leased assets are located within the territorial areas of several local councils, the contract is filed and registered with each of the local councils in whose territorial areas the leased assets are located.

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The contract writing and registration fees are paid by the lessee.

Only contracts written and registered with local councils are valid and contestable under the present law.

Article 7

The duration of the lease must stipulate a starting date and an ending date in accordance with the contract.

The duration of the lease cannot be less than five years.

For deteriorated grapevine, tree, fruit bearing shrubs, hops, and mulberry plantings, the lease duration can be less than five years, depending on the condition of the plantings and the remaining utilization time.

For land areas smaller than one hectare, whose lease is justified by a temporary lack of material production means and financing, absence from the locality, or health reasons, the lease duration can be shorter than five years.

Article 8

The lessor has the obligation to turn over the leased assets at the established time and in the established conditions, guarantee that the lessee will not be totally or partially evicted, and execute all the other obligations assumed by contract.

The lessee has the obligation to use the leased assets as properly as an owner, under the established conditions, to maintain the productive potential of the leased assets, to return them at the end of the contract, to pay the lease at the established date and means, as well as to execute all contractual obligations.

The lessor has the right to verify at any time the manner in which the lessee administers the leased assets.

At the end of the contract, a court decision can recognize the lessee's right of reserve with respect to counterclaims against the other party arising from the contract.

Article 9

In case the leased agricultural land outside city limits is alienated through sale, the lessee, as a person, has preemption rights prior to the state.

The preemption right is exercised under the conditions of the law.

Article 10

Fees and taxes due by law for the leased assets are the responsibility of the owner, beneficiary, or legal holder.

Article 11

The lessee is considered a farmer; the taxes owed by him for the income derived from the utilization of the leased agricultural assets are paid according to legal provisions.

As agricultural producer, the lessee benefits from the credit and tax facilities stipulated by prevailing regulatory acts.

Article 12

The lease contract can be renewed by agreement between the parties in accordance with the provisions of the present law.

Each contracting party has the obligation to notify the other party in writing at least one year before the expiration of the contract, about any intention to renew or not renew the lease contract.

By agreement between the parties, the lease contract can also be canceled before it reaches its term.

Article 13

The lease is paid in kind, in money, or in kind and money, according to the agreement of the contracting parties, at is executed at the date and location established in the contract.

Article 14

The elements for establishing a lease for each category of land use can be: area, production potential, parcel structure, contour, accessibility for mechanization, access possibilities, distance from storage areas, industrialization or commercialization, condition of buildings, land improvement installations, or other endowments.

For land planted with grapevines, trees, fruit-bearing shrubs, hops, and mulberries, the lease can be established to also take into consideration the type of plantings, age, type, and their technical and biologic condition.

For livestock, the lease can be established as a function of species, breed, age, biological condition, production potential, and state of veterinary health.

Article 15

Leases in kind are established for a determined quantity of agricultural products, within a minimum and maximum production.

The products used to pay the lease are established by the parties as a function of the specific agricultural activity and the respective zone.

The time and location for payment in kind are established by the parties, taking into consideration the type of products and the specifics of their production.

Article 16

Leases in money will consist of the equivalent in lei for the products, established in accordance with the provisions of Article 15 of the present law, and will be paid at the established date at the prevailing prices on the local market at the time of the payment.

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Article 17

Leases in kind and money will be established and paid in accordance with the provisions of Articles 15 and 16 of the present law.

Article 18

Public officials and employees in the administration sections of agricultural autonomous management groups, of agricultural institutes and research and production stations, of commercial shareholder agricultural companies, and of other units which are responsible for or administer agricultural land owned by the state, cannot take under lease the agricultural assets stipulated in Article 1 of the present law.

Article 19

The standard guidelines for lease calculation will be formulated by the Ministry of Agriculture and Food within 60 days from the date the law becomes effective, and will be published in MONITORUL OFICIAL AL ROMANIEI.

Article 20

The lessee can change the utilization category of the leased land only with a preliminary written agreement of the owner and in compliance with the legal provisions in force.

Article 21

By common agreement, the contracting parties can stipulate in the lease contract the cases and limits for supporting damages caused by natural disasters.

Also by common agreement, they can stipulate the support for total or partial losses of the leased goods as a result of accidents or unavoidable causes.

Article 22

Lessee charges are not permitted.

Total or partial subleasing is forbidden.

Any sublease document is null and void.

Article 23

Permanent or seasonal employees of lessees enjoy all the rights and social protection stipulated in the labor laws in force.

Article 24

Lease contracts which violate the provisions of the present law are null or cancelable.

Any of the contracting parties can request in court the cancellation of the lease contract for nonfulfillment of obligations by the other party, under the conditions of the law.

Litigations fall under the jurisdiction of the courts, or with the agreement of the parties, can be resolved through arbitration.

The contracting parties have at their disposal all the legal means for protecting their legitimate rights and interests in connection with the leased assets.

Article 25

Persons established as shareholders based on the provisions of Article 36 of Law No. 18/1991, can elect to be considered as tenants under the law within one year from the date the present law becomes effective.

The tenancy contract can be secured for the minimum period stipulated in Article 7 paragraph 2, between the commercial company which holds the land and the person who has chosen to be considered as tenant, beginning with the first agricultural year following the recording of the written choice.

Until the period stipulated in Article 7 paragraph 2 expires, the country commission will issue the ownership title for land in arable equivalent, and will give possession to entitled persons, in compact fields located at the limit of the actual perimeter, established in farms and localities.

After the minimum leasing period stipulated in Article 7 paragraph 2 has expired, the persons entitled in accordance with paragraph 1 can freely utilize the land as owners.

Article 26

The provisions of the present law are complemented with the provisions of civil law, to the extent to which they are not contrary to the present law.

This law was adopted by the Chamber of Deputies and the Senate in the joint session of 16 March 1994, respecting the provisions of Article 74 paragraph (1) and Article 76 paragraph (2) of the Romanian Constitution.

For the President of the Senate Eugen Dijmarescu

President of the Chamber of Deputies Adrian Nastase

Bucharest, 5 April 1994 No. 16

Commission To Restructure Defense Industry

94BA0283A Bucharest MONITORUL OFICIAL in Romanian 26 Apr 94 pp 1-3

["Text" of decision on the Establishment, Organization, and Operation of the Government Commission for Restructuring the Defense Industry]

[Text]

The Government of Romania decides:

Article 1

The Government Commission for Restructuring the Defense Industry is established to coordinate the restructuring of the defense industry.

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Article 2

The Government Commission for Restructuring the Defense Industry, designated below as the Government Commission, has the following functions:

a) Formulates and presents for government approval the drafts of current restructuring programs, proposals regarding measures and resources necessary for their implementation, consistent with the requirements for equipping the forces of the national defense system, as well as with estimated possibilities for the export of technologies and products for a military purpose.

b) Formulates proposals regarding the structure and the means for organizing and operating the defense industry, and presents them for government approval;

c) Together with the Ministry of Finance and related ministries, coordinates the distribution of financial resources proposed for allocation so as to achieve the restructuring objectives of the defense industry, in accordance with approved priorities;

d) Informs the government, quarterly or whenever necessary, about the status of the implementaion of the Program for Restructuring the Defense Industry, as well as about its socioeconomic effects, and presents appropriate proposals as needed;

e) Initiates, analyzes, and approves studies and forecasts for the restructuring of the defense industry, in correlation with the restructuring of the national economy and in accordance with its obligation to create and modernize products intended for the national defense system and to implement the provisions of international treaties and conventions to which Romania is a party;

f) Proposes the assurance of state orders and approves the selection of government purchases necessary to achieve the Program for Restructuring the Defense Industry, under conditions of the law;

g) Formulates or approves drafts of regulatory acts regarding the restructuring of the defense industry, and following approval, supervises the implementation of their provisions;

h) Initiates international collaboration in the restructuring of the defense industry;

i) Promotes actions for technology renewal, technology transfer, and other activities aimed at creating internationally competitive products which are necessary for the national defense system and for export.

Article 3

The Government Commission is headed by a chairman, in the person of the chief of the Central State Office for Special Affairs, and is composed of the persons listed in the appendix.

The chairman represents the Government Commission in its relations with the public administration authorities, economic agents, and other agencies in Romania and abroad, within the limits of the mandate received from the Government Commission or the government, as the case may be.

Article 4

To analyze and solve problems in its area of activity, the Government Commission will meet quarterly or whenever necessary, at the request of its chairman or legal alternate.

Article 5

The Government Commission will establish a secretariat, which will operate within the Central State Office for Special Affairs.

The secretariat will be headed by the Director General of the Production and Restructuring Division, and will be composed of specialists designated by members of the Government Commission.

Article 6

Experts, representatives of ministries, and other authorities of central or local specialized public administrations may participate in the work of the Government Commission with the approval of the chairman.

Article 7

The members of the Government Commission will be appointed by order of the director of the respective public authority.

Article 8

The members of the Government Commission and of its secretariat are employees of the public institutions for which they work. The travel expenses of members of the Government Commission and its secretariat will be paid by the public institutions in which they are employed.

Article 9

The funds necessary to implement the Program for Restructuring the Defense Industry approved by the government will be assured under conditions of the law.

Article 10

Public authorities and economic agents must furnish data and information requested by the Government Commission, needed to fulfill its functions.

Article 11

The work methods of the Government Commission will be formulated by its secretariat and approved by the Government Commission within 30 days of the publication of the present decision in MONITORUL OFICIAL.

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Article 12

The appendix is an integral part of the present decision.
Prime Minister Nicolae Vacaroiu
Countersigned by: Lieutenant General Niculae Spiroiu, minister of national defense; Dumitru Popescu, minister of industry; Major General Nicolae Popescu, state secretary and chief of the Central State Office for Special Affairs.
Bucharest, 28 February 1994 No. 75

APPENDIX

Composition of the Government Commission for Restructuring the Defense Industry	
Chairman	State Secretary, Chief of the Central State Office for Special Affairs
Deputy Chairman	State Secretary, Chief of the Department of Army Ordnance
	State Secretary, Chief of the Department for Economic Reform of the Council for Coordination, Strategy, and Economic Reform
Members	Prime Minister's State Counselor for Matters of National Defense, Public Order, and National Security
	State Secretary of the Ministry of Industry
	State Secretary of the Ministry of Research and Technology
	State Secretary, Head of the Department for Legislation, Studies, International Relations, and Citizenship of the Ministry of Justice
	State Undersecretary, Chairman of the National Commission for Monitoring Nuclear Activity of the Ministry of Water Resources, Forests, and Environment
	Director General in the Division for Mobilization of the Economy of the Central State Office for Special Affairs
	Chief of the Planning Directorate of the Joint Chiefs of Staff
	Chief of the General Directorate for Ordnance and Logistics of the Ministry of Interior
	Director General of the General Directorate for Finances for National Defense and Public Order of the Ministry of Finance
	Chief of the Directorate for Programs and Coordination of Ordnance of the Department for Army Ordnance
	Chief of the Directorate for the Development, Research, and Production of Military Technology of the Department for Ordnance
	Director General of the Special General Directorate of the Ministry of Industry
	Director General of the General Directorate for the Labor Force and Unemployment of the Ministry of Labor and Social Welfare
	Director of the Directorate for Structural Adjustment of the Council for Coordination, Strategy, and Economic Reform
	Director General of the State Property Fund
Secretary	Director General of the Division for Production and Restructuring of the Central State Office for Special Affairs

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Izetbegovic Comments on Federation Talks in Zagreb

AU1409210794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 14 Sep 94

[Statements by Alija Izetbegovic, president of the Presidency of Bosnia-Herzegovina, and Prime Minister Haris Silajdzic in Sarajevo on 14 September—recorded]

[Text] [Izetbegovic] Our delegation traveled to Zagreb to remove some obvious obstacles [smetnja] on the road to implementing the Constitution of the federation.

This was a high-level delegation. Apart from me, it consisted of Prime Minister Silajdzic, Presidency member Ivo Komsic, Foreign Minister Ljubijankic, Deputy Prime Minister Prljic, Economy Minister Faruk Smailbegovic [passage indistinct] delegation was on the Croatian side: Dr. Tudjman and seven or eight of his [word indistinct].

The talks lasted for approximately five hours—a little over two hours last night and two hours today. We were able to quickly reach a principled agreement that we want to implement the federation [word indistinct] constitution. We feel that Croatia really wants this. Of course, things were a bit more difficult when we began to deal with specific issues. I can honestly say that a very significant breakthrough was made in this respect. A whole series of very definite decisions has been made. You will learn about them in the announcement that will be issued in Zagreb today.

Since we were in a hurry to come back after coordinating our views on the announcement, it was left to a mixed group of our and their members to edit it. I believe the announcement will be issued before today's news cast.

However, of all these decisions, there are four that I would single out as most important. It was concluded that posts in the federal authorities—that is, government—should be filled according to the constitution. What is involved is the completion of the government with Croatian representatives according to the proportion envisaged by the constitution. On the other hand, at our request, municipal authorities are going to be constituted according to the constitution of the federation—that is, according to the results of the 1991 elections in all federation communes.

The third decision concerns diplomatic missions. It was established what missions will have Bosniak, Croat, or other representatives. As you know, this job (?was begun but) was not concluded. It will be completed by setting candidacies within the next 15 days and decisions in the coming, let us say, 30 days.

The fourth decision pertains to establishing an orderly and regular communication along the road from Metkovic northward toward Tuzla. What is involved is placing this road under the control of the federal police, which includes the status [rezim] of the road and the placing of customs houses, that is, a customs house at the border crossing at Doljane, the place where this road enters Croatia. Therefore at Doljane. As you know, the federal police will be established according to a mixed principle. In my opinion, the first two decisions, however, have the greatest political import for the future of the Federation, as it is on the basis of them that the formation of the Federal administration bodies on the one hand and municipal bodies on the other will be concluded, whereby the establishment of cantonal bodies will be made possible.

However, it seems to me that this last decision regarding the opening of and normalization of traffic on the [word indistinct] (?M19) road has a direct and the greatest worth in practice. The significance of that measure also lies in the fact that it is completely verifiable. The deployment of the police and customs authorities and the normalization of [word indistinct] at the Doljane customs house was planned to be done within 15 days.

What is also important is that we have been told that the HVO [Croatian Defense Council] has taken measures against extremist elements within [words indistinct] own ranks by arresting a number of (?extremists), issuing warrants for a number of (?them), and removing a number of them from the political scene.

On the basis of everything, we must conclude—that is, we are concluding—that the implementation of the constitution of the federation is going well, and that an unfavorable course that could even bring to [word indistinct] has been avoided.

[Silajdzic] Before our visit to Zagreb, about which the president just spoke, the governmental delegation constituting, apart from me, of Ministers Ljubijankic and Smailbegovic, paid visits to Pakistan, the United Arab Emirates, and Qatar. Characteristic of all three visits was that [words indistinct] all open issues, that we were met with an extremely cordial reception (?by local people) and that we had the full attention of these countries' [word indistinct].

Our visit to Pakistan had a double character: The delegation took part in the Seventh Extraordinary Ministerial Session of the Islamic Countries Organization [ICO] and also paid a bilateral visit to Pakistani Government. [sentence indistinct]

The basic result at the ICO meeting was that if the Security Council maintains the embargo on arms imports into Bosnia-Herzegovina, the ICO members have the open possibility on a bilateral basis and in conformity with Chapter 7, Article 51, of the UN Charter to help Bosnia-Herzegovina obtain the means for its defense.

Therefore, this is the basic result of this ministerial meeting.

Regarding the bilateral visit to Pakistan, we were received by President (?Leghari). I had talks with Prime

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Minister Bhutto, and our ministers held talks with Pakistani ministers. We agreed on cooperation in the sphere of, above all, ferrous metallurgy because the two countries have complementary resources. Our delegations will travel to Pakistan soon [words indistinct] with respective arrangements [word indistinct] in the sphere of coal mining, the production of [word indistinct], agricultural (?production).

This visit [passage indistinct] kilometers that our firm is going to perform. Therefore, it has been shown that we can successfully take part in an international bidding and that our firms can [words indistinct] even under the condition of war.

Minister Ljubijankic has taken this opportunity to visit our refugees in Pakistan.

Regarding the visits to the United Arab Emirates and Qatar, apart from a high degree of agreement on all open political issues, there exists a full readiness to [word indistinct] on bilateral and multilateral levels. Besides, arrangements have been or are being agreed on the delivery of oil, something that will help solve the important question of supplies with heating fuels during this winter. [Words indistinct] opening of an office.... [[pauses] no, economic, economic. Therefore, an office of a consultative character that would open the road to our firms in this part of the world.

Statement Issued on Bosnia-Croatia Agreements

LD1409234494 Zagreb HTV Television in Serbo-Croatian 2125 GMT 14 Sep 94

[Statement issued by the Governments of Bosnia-Herzegovina and Croatia; place and date not given; from the "Picture Vs. Picture" program]

[Text] In order to improve economic cooperation, the delegations of Bosnia-Herzegovina and Croatia have agreed on the content of a treaty on customs cooperation and have reached a joint conclusion that the treaty is ready for signing.

A high degree of agreement has been reached on the treaty on rail traffic, provided that the remaining issues of regulating mutual relations regarding real estate in connection with rail traffic will be laid down in a separate treaty. In the next few days, groups of experts will continue working together on concluding agreements on economic cooperation. The delegations reached an agreement to urgently embark upon the coordination of views on the content of a treaty which would regulate the issues of protecting real estate, use of the port of Ploce, and transit through the municipality of Neum.

Second, the Republic of Croatia and the Republic of Bosnia-Herzegovina have reached an agreement that until both states have completed their diplomatic-consular network, in states in which one of the above-mentioned states has a diplomatic and consular mission it may discharge diplomatic and consular services for the needs of another state, taking into consideration the protection of interests of that state and its citizens.

At this moment, this conclusion refers to the following countries: Tunisia, Qatar, Libya, Saudi Arabia, Pakistan, and Malaysia, in which the existent consular and diplomatic missions of the Republic of Bosnia-Herzegovina would discharge consular and diplomatic services for the needs of the Republic of Croatia and its citizens; it also refers to: Japan, China, India, South African Republic, Portugal, Chile, and Argentina, where the existent consular and diplomatic missions of the Republic of Croatia will discharge the diplomatic and consular services for the needs of the Republic of Bosnia-Hercegovina and its citizens.

Third, a joint group of Croatian TV and Bosnia-Herzegovina TV ought to be appointed immediately; it will be tasked with producing a joint program through which the public of the Republic of Bosnia-Herzegovina and the Republic of Croatia would be informed once a week about the development of mutual relations and cooperation, development of the federation, setting up of confederal relations between the Republic of Croatia and the Federation of Bosnia-Herzegovina.

Part B: Implementation of the Constitution of the Federation of Bosnia-Herzegovina:

First, the delegations have reached an agreement that in all municipalities of the federation of Bosnia-Hercegovina, interim bodies of authority should be set up in accordance with the Constitution of the Federation of Bosnia-Herzegovina by 30 September 1994, while cantonal bodies of authority should be set up by 31 October 1994.

An agreement has also been reached that appointments to federal bodies should simultaneously be made, provided that the process of appointing additional officials to the government, services, and ministries should begin immediately in order to ensure appropriate representation by cadres from both Croat and Bosniak nations. If by this deadline interim constitutional cantonal bodies fail to be set up, the government will appoint temporary commissioners, whose task will be to secure the setting up of these bodies. The federation will propose to the constitutional assembly of the federation that it embarks upon the adoption of regulations on local self-administration, which includes the drawing up of a procedure for setting up new municipalities, in accordance with the Vienna agreement.

Second, in accordance with the Split agreement, the joint command of the Army of Bosnia-Hercegovina and the Croatian Defense Council ought to be put in full operation. At the same time, work on the preparation of federal regulations for the final organization of the army in the federation will continue in accordance with the constitution of the federation of Bosnia-Herzegovina.

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Third, the delegations are proposing to bodies of the federation to adopt relevant regulations and measures as soon as possible which will secure free flow of people, goods and services and coordinate regime of collecting all taxes as the precondition for the economic integration of all areas of the federation of Bosnia-Hercegovina.

Forth, in order to secure the free flow of people and unhindered flow of goods within the federation, the delegations have reached an agreement that road traffic between Metkovic and Doboj, as well as the railway line from the border of the Republic of Croatia to Sarajevo be secured by federal bodies alone in the interim period until cantonal bodies are set up. The composition of the federal police whose direct task is to control the aforementioned communications will be nationally balanced, and will reflex the national composition of the canton where these roads and the railway line are situated. The government of the federation will, in accordance with the constitution, regulate the regime of using these roads and the railway line, customs supervision, including precustoms control, eg. health, veterinary etc., and other issues connected to imports and flow of goods along these roads and the railway line within 14 days.

In order to use these roads and the railway line more fully, the government will secure as a matter of priority the bypassing of pontoon bridges on roads and reconstruction or bypassing of bridges along the railway line.

Fifth, the return of refugees is one of the most important preconditions for the successful implementation of the federation. The parties are in agreement that all those persons, if possible before winter, be enabled to return to their homes without any conditions and with guarantees provided as regards their personal security and that of their possessions. Particular guarantees are to be provided for the freedom of movement and operation for all humanitarian organizations, health workers and institutions.

All refugees and displaced persons have the right to return home, particularly all victims of the conflict between the Croatian Defence Council and the Army of Bosnia-Hercegovina. In order to have a successful return of refugees, work on the program of return of refugees and its implementation are to begin immediately. The program will be drawn up and implemented by the federation, while the Republic of Croatia will provide expert and other assistance. Federal government officials responsible for the program and implementation of the program of return of refugees will be appointed immediately. For the victims of the Serb aggression a special program of return of refugees will be drawn up, as well as of the reconstruction of houses and the overall life, e.g., economy, education, and health services. International cooperation and assistance will be sought for drawing up and implementing these programs.

Sixth, it has been agreed that all diplomatic and consular missions secure appropriate national representation in accordance with the constitution, so that in diplomatic missions headed by a Bosniak, the first minister adviser ought to be a Croat, and vice versa. It has been agreed that of the two missions at the United Nations, one—in Geneva—will be headed by a Bosnian Croat, while the ambassadors to the United States and Switzerland ought to be from the other nation in relation to the heads of the UN mission in these countries.

It has been agreed that Bosnian Croats will head the following diplomatic and consular missions: Rome, Budapest, Ljubljana, Bon, and Washington. It has been agreed that two new diplomatic and consular missions should be set up in Australia and Canada; a Bosnian Croat will head the diplomatic and consular mission in Canada, while the Australian mission will be headed by a Bosniak. The candidacy of heads of diplomatic and consular missions will be done in accordance with the aforementioned principles, within 14 days. A separate agreement will be reached on the division of posts in the Middle and Far East countries.

Croats Criticize 'Major Shift' in U.S. Policy

AU1509093494 Paris AFP in English 0844 GMT 15 Sep 94

[Excerpts] Sarajevo, Sept 15 (AFP)—Croat leaders in Bosnia-Herzegovina say a U.S. envoy has thrown their federation with Moslems into disarray by implying that Washington is now considering arming the Moslem-dominated Bosnian Army alone.

A senior Croat military official told AFP Thursday that at a meeting with senior Bosnian and Croat military in Sarajevo on Wednesday [14 September], U.S. special envoy to ex-Yugoslavia Charles Thomas equivocated on supplying arms directly to the Bosnian Army, undermining months of intense diplomatic activity by senior U.S. diplomats. "There was an apparent major shift in policy at the meeting yesterday," said the visibly angry official, adding that the federation was now in "disarray." [passage omitted]

Thomas made his comments here after a high-level emergency summit between the Croats, Moslems and senior Croatian figures in Zagreb appeared to have settled disputes which had threatened to sink the federation. Furious Croat leaders, who listened to Thomas in mounting disbelief according to one Croat official present at the meeting, say they believe the U.S. envoy's comments could lead to bloodshed between the two sides.

Croat forces near the strategic town of Konjic, 45 kilometres (28 miles) southwest of Sarajevo, who had been supporting the Bosnian Army against Serb forces have ended a heavy mortar barrage against the Serb lines. They have also refused the Bosnian Army permission to pass through their lines to reinforce 213 Moslem soldiers surrounded by Serbs in the area, a Croat military official told AFP. The town protects a vital all-weather supply route from Croatia's Adriatic coast to Sarajevo and the

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northern Moslem city of Tuzla, along which food, fuel and eventually heavy weapons could be moved.

The Croat official said Thomas had "made a request for a further meeting today (Thursday) to clarify U.S. policy" following Wednesday's meeting, but it was unclear early Thursday whether the Croats were in a for [as received] such an encounter. [passage omitted]

Krajisnik: Contact Group Plan Must Be Changed

LD1509110094 Belgrade TANJUG in English 1027 GMT 15 Sep 94

["Pool" item]

[Text] Belgrade, Sept. 15 (TANJUG)—The Bosnian Serb assembly speaker has said the "Contact Group" plan for Bosnia would not be accepted without certain corrections despite the October 15 deadline.

Momcilo Krajisnik told Serbia's Radio Jagodina that the Bosnian Serbs would not give up any territories to the Muslim-Croat federation until a final solution was found. The United States has threatened to exempt the Muslims from the arms embargo if the Bosnian Serbs fail to accept the contact group plan by October 15.

Krajisnik said the Bosnian Serbs were willing to compromise and make concessions. "The maps were drawn up by the United States which aims to achieve political dominance over the Serbs since it was unable to do so on the battlefield. This is why such pressure is being made on President Clinton to exempt the Muslims from the arms embargo," he said.

Commenting on the announced tightening of the international sanctions against the Bosnian Serbs, Krajisnik said: "We cannot expect benevolence from the West, because Serbia and Montenegro have imposed a much worse embargo on us than the sanctions against Yugoslavia."

The United Nations Security Council imposed strict sanctions against the Federal Republic of Yugoslavia in May 1992 due to its alleged involvement in the civil war in neighboring Bosnia- Herzegovina. Krajisnik said the sanctions against Yugoslavia aimed to destroy the Bosnian Serbs. "We will not give up our demand for the correction of the map because it divides the Bosnian Serb republic into three parts and gives 20 cities, eight mines and all rivers to the enemy," Krajisnik said.

Krajisnik said Yugoslavia's embargo on the Bosnian Serbs has served to encourage "our enemies who are now happy now that our brothers in Serbia have abandoned us." "Our people are hurt, surprised and embittered, but they will not capitulate because the Serb people have never done so," he said.

Yugoslavia on August 4 severed all political and economic links with the Bosnian Serbs and shut its borders to all shipments, except for relief aid, after the Bosnian Serb National Assembly voted not to accept the Contact Group plan.

Commenting a statement by Muslim U.N. Ambassador Muhamed Sacirbej that the entire Muslim territory be proclaimed a U.N. safe area, Krajisnik said that the Muslims needed a protectorate because that is the only way they could have their own state. "However, Mr. Sacirbej is unaware that for the West the Muslims are expendable and his demands are not in the interest of his people," Krajisnik said.

The current Muslim territories in Bosnia are mainly located within six U.N. safe areas.

Renewed U.S. Pressure for Federation Urged

AU1409204294 Ljubljana OSLOBODJENJE (European Edition) in Serbo-Croatian 8 Sep 94 p 1

[Commentary by Mirko Sagolj: "The Protest Letters"]

[Text] Certain Bosnia-Herzegovina Federation officials have been writing protest letters to one another, in which they consider a series of problems in implementing the Washington Agreement on the establishment of the Croat-Bosniak Federation, but the mail system is not functioning at all. It is therefore not difficult to guess how the federation is functioning: just like the mail system!

In view of that, the letter that Federation President Kresimir Zubak has recently sent to Alija Izetbegovic, Haris Silajdzic, and Ejup Ganic on the occasion of a Radio Mostar program that the Croatian media reported on, is typical. In his letter, Zubak pointed out to the three Bosnia-Herzegovina and federation officials that it was a politically provocative and uncivilized act by Radio Mostar to play the Croatian national anthem accompanied by a donkey's braying. Radio Mostar publicly replied to Zubak, but it did not even mention this—instead, it reproached the federation president for not raising his voice over the murder of two Muslims in the Croatian part of Mostar and the violations of the Washington Agreement in that part of the city.

There have appeared certain dangers in the functioning of the Bosnia-Herzegovina Federation that are too serious to be resolved by protest letters. Nor are they going to be resolved with interviews that have recently been given by certain officials of the republic and the Bosnia-Herzegovina Federation either, in which one side blames the Croatian and the other the Bosniak-Muslim side for the increasingly overt resistance to the federation. It is clear that the last moment for sitting at the same table and facing the truth has arrived. The situation is becoming increasingly complicated and now it is almost the same as what preceded the armed conflict between the HVO [Croatian Defense Council] and the Bosnia-Herzegovina Army. This is what Karadzic is waiting for as his only chance to get out of the situation. According to certain sources, he has been openly bribing

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people on both sides to provoke incidents and try to renew the war between the Croats and Bosniaks. If this conflict resumes, Karadzic will certainly be the winner in this war. He will wait for the Croats and Bosniaks to kill as many of each other as possible and will then put in to action the Serbian plan of conquest without any difficulties or more casualties on his side.

It seems that the time has come for the United States, as patron of the agreement of the two peoples on the establishment of the federation, to get involved again and use the necessary pressure to break the resistance on both sides. The pope's visit to Bosnia-Herzegovina will create great support for the forces fighting for the federation. The individuals and certain political groups on the Croatian side may understand the significance of this visit, by which the Pope is letting everyone know that he considers Bosnia-Herzegovina a sovereign and indivisible state, which will not be possible to preserve with protest letters and interviews.

Army Commander Meets Senior U.S. Officials

LD1509090094 Zagreb Radio Croatia Network in Serbo-Croatian 0700 GMT 15 Sep 94

[Text] General Rasim Delic, the commander of the Bosnia-Herzegovina Army, had meetings in Washington with senior officials of the Department of Defense, the State Department, and Congress. Gen. Delic warned his interlocutors that Belgrade was still supplying the Bosnian Serbs with military equipment via two pontoon bridges south of Zvornik and via the Rudo-Rogatica road. He also said that units from the Novi Sad, Uzice, and Valjevo corps of the Federal Republic of Yugoslavia Army were engaged in combat activity on the territory of Bosnia-Herzegovina. He recalled that all Bosnian Serb army commanders are paid and promoted by Belgrade.

Serbs Fire 'Dozens' of Shells at Brcko Defenses

AU1509084994

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 0800 GMT on 15 September carries in its regular four-minute newscast three reports on the combat situation in the republic.

Brcko correspondent Hamid Deronjic reports that "the Serbian aggressor continues his assaults on the defense lines of the free Brcko territory. The fiercest attacks were reported on the central part of the Brcko defense, at which the enemy overnight fired dozens of 60-mm and 82-mm shells and rifle grenades. Some time between 2130 and 2230 last night the chetniks from the direction of Delina Ravna used 82-mm mortars—supported by fierce [word indistinct] and small arms—to pound the defense at Boderiste. [Words indistinct] regrouping of enemy personnel and hardware."

An unidentified correspondent reporting from the Bosna Operative Group information center reports that "the aggressor continued with sporadic small arms provocations. He also used mortars to shell the defense lines. The fiercest attacks—with Bofors, antiaircraft machine guns, and heavy machine guns—were reported on the newly established Maglaj defense lines at Strajiste and Rujci. During the day and particularly overnight, long enemy motorized columns were observed traveling from the Mt. Ozren region toward (Podtjelovo). This morning there are chetnik small arms provocations on the stable defense lines held by the units of the Bosna Operative Group."

The studio announcer cites a 1st Corps Information Center report on the situation on the Sarajevo front and says that "during the night, the chetniks fired a mortar shell carrying a chemical charge at Vrbanja Most. Last night, Blekin Potok was pounded by shells from a mortar in Orlovac [words indistinct]. The Mt. Igman road continues to be subjected to constant enemy antiaircraft machine gun and antiaircraft fire."

Serbs Probe Supply Routes Before Embargo Deadline

AU1409131494 Paris AFP in English 1209 GMT 14 Sep 94

[By Jon Boyle]

[Excerpts] Sarajevo, Sept 14 (AFP)—Bosnian Serb and government forces continue to clash near vital supply routes, a UN spokesman said Wednesday, in fighting military strategists link to next month's possible lifting of the UN arms embargo.

Bosnian Serb ground forces fought the mainly Moslem Bosnian army Tuesday in the Konjic area, 45 kilometres (28 miles) southwest of Sarajevo in clashes Croat military officials here said aimed to test defensive lines.

Meanwhile, Bosnian Army and Bosnian Croat troops traded artillery fire with Serb forces around Serb-held Brcko in northern Bosnia, which guards the strategic Posavina corridor linking Serb-held areas in east and west Bosnia. The exchanges marked the first time in two months that Bosnian Croats in the Orasje pocket north of Brcko have shelled the Serbs.

UN Protection Force (UNPROFOR) spokesman Eric Chaperon reported a 90-shell exchange between the two sides, the Bosnian Army targeting Brcko, the Serb government-held Brka, eight kilometres (five miles) away on the Posavina corridor's southern flank. Orasje Croats later fired at least seven rockets at Brcko, sparking Serb retaliation. Chaperon reported heavy shelling for the second straight day in the Konjic area, with 50 82-mm mortar rounds landing including five direct hits on the town.

The Bosnian Army appeared to have gained ground following Tuesday's fierce infantry battles, sparked by Serb probing attacks along the front. "The action is not as significant as the purpose," a Croat military official

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told AFP Tuesday. Konjic is a priority Serb target, sitting on a supply route lifeline between the Adriatic coast, Sarajevo and Tuzla in the north. It is the only all-weather route along which food, fuel and eventually heavy weapons arms can move through government-held territory in central and northern Bosnia. Strategists at UNPROFOR and in the Croat-Moslem federation agree capture of Konjic would enable the Serbs to strangle Sarajevo without breaching the heavy weapons exclusion zone around the capital and risking NATO airstrikes.

The Serb's next target would be to isolate the northern city of Tuzla, driving north from the Olovo-Brugle region and south from the Doboj finger to sever federation-controlled territory into two at its narrowest point, a Croat source told AFP.

Federation forces meanwhile could cut Serb-held territories in two by snapping shut the Posavina corridor at Brcko. But to hold onto the area the US-backed Croat-Moslem federation would need heavy weapons which only a lifting of the arms embargo can bring. [passage omitted]

The Konjic attacks seem to signal Serb planning for a pre-emptive strike is already well in hand, a senior Croat military official warned.

Muslim Troops Reportedly Burn Croat Village

LD1409222294 Belgrade TANJUG in English 2134 GMT 14 Sep 94

["Pool" item]

[Text] Belgrade, Sept. 14 (TANJUG)—Muslim troops have torched the abandoned Croat village of Vir in central Bosnia, the Bosnian Serb News Agency SRNA said, quoting Bosnian Croat sources. The villagers were banished from their homes by the Muslims last year, SRNA said.

Muslims in November last year seized the town of Vares, about 40 km north of Sarajevo, the town closest to this village. The Croat cottages have now been plundered and burned to the ground, the local Bosnian Croat Command said, as carried by Croat Radio Herzeg-Bosna.

The Command statement said the Muslims from Vares were sending appeals in the media to the families of killed Muslim fighters to move into abandoned Croat flats or houses in surrounding villages. The statement accuses the Vares Muslim authorities of banishing the Croats who have started to return to the town after the signing of the Washington agreement on a Croat-Muslim federation in Bosnia.

Croats and Muslims signed an agreement to form a binational federation in Bosnia in March this year, after a year of heavy fighting and under strong pressure from Washington. As agreed, the federation would later form a confederation with Croatia.

Despite the Washington agreement, there is still mutual mistrust and tension in the relations between Croats and Muslims in Bosnia-Herzegovina.

UN: Bosnian Croats To Pull Out of Konjic Front

AU1509100894 Paris AFP in English 0952 GMT 15 Sep 94

[Text] Sarajevo, Sept 15 (AFP)—Bosnian Croats are to pull out their forces from the key Konjic battle front, a UN spokesman said Thursday as the Croat-Moslem federation appeared to be foundering.

UN Protection Force spokesman Eric Chaperon said the Croat HVO militia, which has been backing the mainly Moslem Bosnian army against Serb forces, had told UNPROFOR that "their position is militarily untenable and that they will withdraw from the Konjic pocket today."

Sarajevo: UN Forces Fire on Serb Positions

AU1509112294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 15 Sep 94

[Text] Enes Musovic, our correspondent from Gorazde, reports that last night an extremely fierce clash between the chetniks and the UN forces took place in the region of (Ostanica).

[Begin Musovic recording] The chetniks initiated the clash when they fired some five to six bullets at the UN members. The blue berets finally reacted, which is what they should have done on many earlier occasions. They opened fierce fire—some 15,000 rounds—at the chetniks after which the blue berets set fire to the woods behind the chetnik positions. The woods were ablaze until dawn. Angry at the UN members who dared to respond with more muscle than they had used, the chetniks this morning launched a fierce infantry attack at the positions of the members of the East Bosnia Operative Group in the region of Lascinska Kosa. The Gorazde defenders were not caught unawares. Following this, the chetniks again provoked the UN members in the region of (Ostanica), who yet again responded with fierce fire. It has also been reported that the chetniks are concentrating artillery pieces in the area. [end recording]

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President Tudjman Views Talks With Izetbegovic

AU1409144394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 14 Sep 94

[Report by Nada al-Isa from Zagreb]

[Text] After the talks Presidents Izetbegovic and Tudjman gave brief statements. President Izetbegovic was, however, somewhat more expansive. The president of the Bosnia-Herzegovina Presidency told the reporters that an agreement had been reached on the formation of communal and cantonal authorities in the Bosnia-Herzegovina Federation. He explained that the cantonal authorities should be formed within 30 days. An agreement was also reached on the formation of a joint military command in accordance with the federation constitution. The details of this agreement should be worked out in some 15 days, President Izetbegovic said. The president added that an agreement had also been reached on the complete passability of the road from Metkovic to Doboj under the control of the police made up according to the proportional principle concerning the population of each individual canton. An agreement was also reached on the return of all the refugees to Federation territory.

Croatian President Franjo Tudjman gave a very brief statement, explaining that he did not want to go into details. Dr. Tudjman described the two-day talks between Croatia and Bosnia-Herzegovina as a great step forward in the implementation of the Washington Agreement on the federation and—he said—of some elements of the confederation.

We have found out unofficially that the following was also agreed with the aim of speeding up the implementation of the federation constitution: That Croatian representatives should participate in the government and ministries of the Republic and federation of Bosnia-Herzegovina in accordance with the percentage of the Croatian people in the population; that an adequate number of Croatian representatives should participate in the existing diplomatic and consular offices, and that joint diplomatic and consular offices of the two countries should be opened in some countries. As for bilateral relations between the Republic of Croatia and the Republic of Bosnia-Herzegovina, it was agreed that firm economic and trade cooperation should be established, and that customs offices should be opened on the border between the two countries.

As I have said, apart from the statement by the two presidents, everything else is still unofficial information from the two days of talks between Bosnia-Herzegovina and Croatia. An official statement is expected some time during the day.

Further Statements Cited

LD1409150694 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 14 Sep 94

[Text] Official Croatian-Bosnia-Herzegovina talks on implementation of the Washington Agreement ended in Zagreb. Following their meeting, the presidents of the two states, Dr. Franjo Tudjman and Alija Izetbegovic, made brief statements. Andjelko Perincic reports:

[Perincic] First to speak to journalists was Alija Izetbegovic, president of the Presidency of Bosnia-Herzegovina.

[Begin Izetbegovic recording] We reached agreement on the joint communique and on a series of points relating to the urgent need to set up municipal authorities in line with the federal constitution, and to set up cantonal authorities, as well. We set the deadlines. I think the first deadline is 30 days from now for setting up municipal authorities; the cantonal authorities must be installed 30 days after that.

As far as specific issues are concerned, we reached agreement on a pilot program to open the road from Metkovic up to Doboj. We also reached agreement urgently to draw up a program for the return of refugees. We discussed the main concept of our future army and agreed on a joint staff, a joint command, in line with both the constitution, and, if you remember, the Split agreement. [end recording]

Croatian President Franjo Tudjman was even more terse:

[Begin Tudjman recording] I will not go into details because a communique on the conclusions will be issued later today. But I wish to say that the two-day meeting between the state and political leaders of the Republic and of the federation of Bosnia-Herzegovina on the one hand and of the Republic of Croatia on the other hand, signifies a major step forward toward implementing the Washington agreements on setting up the federation and on some confederal aspects in the relationship between the [Bosnia-Herzegovina] federation and Croatia. [end recording]

Just before getting into his car Bosnia-Herzegovina President Alija Izetbegovic said in reply to a question that he thinks the embargo on arms imports to Bosnia-Herzegovina will be lifted at least unilaterally and that he expects Great Britain and France to abstain during the vote in the UN Security Council.

Asked if the embargo will be lifted, Bosnia-Herzegovina Prime Minister Haris Silajdzic said this is the human and political right of the Bosnia-Herzegovina people—or rather the right to defense of the future federation. He was also asked about observers on the Drina River and the lifting of sanctions against Serbia in return for, allegedly, imposing sanctions against Bosnian Serbs. In reply he said that there should be a delay [in lifting the sanctions] to see the effects of the sanctions on Pale and that the sanctions against Milosevic should then be gradually lifted. Asked if there is any point in talking to Milosevic, Haris Silajdzic said briefly: No comment!

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Article Views Recent State Department Actions

AU1509082594 Rijeka NOVI LIST in Serbo-Croatian 7 Sep 94 p 2

[Commentary by Drazen Vukov-Colic: "State Department Tightens the Rope"]

[Text] Before officially taking the prestigious seat at the State Department, or even completing the official ambassadorial takeover in Bonn, Richard C. Holbrooke has already visited both Sarajevo and Zagreb. It is a well-known fact in Washington that the most important things in Bosnia and around Bosnia (in which case Croatia cannot be avoided either) have become discouragingly entangled again, and that the time has become so much shorter that no one can spend too much of it worrying about the slow-train diplomatic protocol.

Holbrooke thus started visiting the areas that are bound to give him the most immediate headaches in his new position as number one man for the European and Canadian issues at the State Department, while Sarajevo and Zagreb were first presented with the chance of directly meeting the new U.S. diplomatic star. Holbrooke spent less than a year as ambassador in Bonn, but he is certainly not one of those who were revoked for incompetence—on the contrary, he is one of the exceptional people who, with the speed of lightning, skipped even the most important stops in his career in order to be able to deal with something more important. Charles Redman is taking his position (after all, he was the one to carry the U.S. burden in the concluding of the Croat-Muslim agreements), so this choice of personalities and the indicative changes show how seriously Clinton has conceived the new Washington-Bonn-Balkans axis, in which Charles Thomas will probably not be as prominent as Charles Redman, while Richard Holbrooke will probably be in charge of a much more obvious competition with Andrey Kozyrev.

At the moment roses are not blooming for the State Department in the Balkan area of European diplomacy. Redman has not managed to even partly soften Karadzic. Kozyrev is asking that Milosevic immediately be granted at least partial amnesty. The Contact Group is falling apart both from the front and the back, and the British and French have already practically imposed the decision on everyone, which primarily counters Washington: If the United States lifts the arms embargo on Sarajevo, the "blue helmets" will withdraw from Bosnia-Herzegovina, which will soon make the international bandage on Croat wounds bleed too. This is why even the proverbially cautious Mate Granic spoke in elevated words about the "two crucial months", and said that the lifting of the embargo and the possible withdrawal of the blue helmets was very uncertain, which "significantly changes the strategic position of the Bosnia-Herzegovina federation," multiplies the dangers of the war being restored and spread outside the borders of Bosnia-Herzegovina, in which case "a completely new situation could arise in the UNPA's [UN Protected Areas]."

Holbrooke discussed all this both in Sarajevo and Zagreb, and it was surely not a coincidence that at every meeting he was accompanied by two U.S. generals, while next to Tudjman sat the top threesome (Susak, Granic, Sarinic) that is directly in charge of Croatian strategic interests and the implementation of both war and peace. In the meantime Granic's "two months" have been cut down by a quarter, and Washington is getting closer and closer to the wall that will be very difficult to jump over. It seems as if everyone is still hoping for the best, and preparing for the worst, as is clearly witnessed by the many meetings aimed at trying to redeem (and maybe save) everything that has, in the short-sighted competitions, been irretrievably missed out in establishing the Bosnia-Herzegovina federation. The only encouraging—but also worrying—thing is the assessment that the Croat and Muslim military leaders have been getting along a little better than the politicians.

In his farewell speech given to DER SPIEGEL, Holbrooke mostly encouraged the Germans, without any historical affectation, to take over the leading role in Europe, which Bill Clinton had imposed on them. He also talked a lot about Bosnia. He blamed everything on Europe and George Bush, and commented on the widespread fear (which is deeply rooted in Zagreb too) that the lifting of the embargo would ignite a new war, in a very decisive manner: "I am aware of this danger myself, but we could not allow the Bosnian Muslims to be strangled to death. If the Bosnian Serbs do not accept our proposals, they will have to accept the consequences. However, I hope that they will join in the steps that will prevent the disaster—their own disaster and the disaster of all the Serbs." Was this message symbolically supported by the presence of the two U.S. generals wearing impeccable military uniforms? Washington cannot publicly accept retreat even when rivals and allies prompt it to withdraw, so at least the State Department is not giving up on tightening the rope. The trouble is only that the Serbs stopped believing such threats a long time ago, and it seems that at this moment they are primarily horrifying Moscow, and frightening London and Paris.

Independent Democrats Liken Tudjman to Milosevic

AU1409192294 Zagreb VJESNIK in Serbo-Croatian 2 Sep 94 p 2

[Unattributed report on an HND press statement: "The Constituting of the Party Completed"]

[Text] "A session of the Presidency and the Executive Committee of the Croatian Independent Democrats [HND], chaired by Stipe Mesic, was held on Wednesday, 31 August. On the basis of the introductory analysis presented by deputy president of the HND, Josip Manolic, the overall political situation and the development of the party were discussed," states the HND's Thursday press report.

It adds that the analysis and discussion emphasized that the center of the crisis in Croatia was still within the

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HDZ [Croatian Democratic Community] and that the so-called parliamentary crisis was only a part of the overall crisis. "The HND condemns the recent appearances of some HDZ officials who support an anti-European platform, that is, Croatia distancing itself from Europe and its criteria and standards, which would have long-range consequences for the development of Croatian society and the modes of behavior in it."

It continued to say that, in the context of foreign policies, particularly toward Bosnia-Herzegovina, "it has been noticed that the Washington Agreement was not being implemented, as the form of the war crisis has changed into a crisis over the agreement's implementation through technical obstruction and blockade of the project. The HND position is that the Bosnia-Herzegovina federation should be consolidated, and that the concept of double confederation leads to a new—third—Yugoslavia, which the HND clearly opposes. That this position is correct has been proven by the defeat of Fikret Abdic, which is also the defeat of the concept of the division of Bosnia-Herzegovina, which is, in Croatia, represented by the politics in power and by Milosevic in Serbia."

The report also says that the HND welcomes the pope's visit to Croatia and makes a special public announcement on this occasion. It adds that the party supports cooperation among opposition parties, as well as the plan for the meeting of the opposition parties' coordination committee to take place as soon as possible.

The end of the announcement, signed by Dragutin Hled, states that it was established that the constituting of the party was nearly completed throughout Croatia and that, starting this week, the party would be holding press conferences on a regular basis.

Organizations Fail To Aid Refugees in Krajina

LD1409213394 Belgrade TANJUG in English 2034 GMT 14 Sep 94

[Text] Knin, 14 Sep (TANJUG)—The fate of about 60,000 Bosnian Muslim refugees in Serb Krajina is increasingly worse and uncertain, Serb Krajina commissioner for refugees Milan Trbulin said on Wednesday. The refugees fled from northwestern Bosnia to escape from troops of the Muslim government of Sarajevo.

The already difficult situation is being made even worse by daily arrivals of new refugees, Trbulin told TANJUG. Between 10 and 70 new Muslim refugees daily arrive in refugee camps in Turanj near Karlovac or in Batnoga in the municipality of Slunj in the north of Serb Krajina, he said. The refugees include about 10,000 children under 15 and about 35,000 women.

"All of them are accommodated, if this can be called accommodation, in damaged houses in Turanj or in an abandoned farm in Blatusa," said Trbulin. There are still about 15,000 people in improvised shelters, he said. Trbulin said food, footwear, medicine and other aid is far from sufficient even though the United Nations commissioner for refugees has taken over care of the refugees.

This is so because the UNHCR claims there are just over 30,000 refugees, said Trbulin. International humanitarian aid has failed, especially in taking care of children who are without appropriate nutrition or health protection, he said. All this has resulted in outbreaks of infectious hepatitis, tuberculosis and abdominal typhus, Trbulin said.

Cases of hepatitis are isolated, but unless measures are duly taken, the overall situation can get out of hand, all the more so because the international community has not yet delivered the promised field hospitals, he said.

The exodus of Muslims from northwestern Bosnia began on August 21 when forces of the Sarajevo Muslim government crushed the autonomous province of west Bosnia, which existed for a year and caused inter-Muslim clashes.

Fleeing before the terror of the Sarajevo Muslim government, the local Muslim population found refuge in the republic of Serb Krajina, proclaimed in 1991 by Serbs in Croatia in response to Croatia's secession from the former Yugoslav Federation.

New Croatian Right Founder Views Tudjman

AU1509095794 Split NEDJELJNA DALMACIJA in Serbo-Croatian 2 Sep 94 pp 13, 14

[Interview with Mladen Schwartz, president of Steering Committee of the New Croatian Right, by Dubravko Grakalic; place and date not given: "Only Dictatorship Can Save Us From Democracy"]

[Excerpts] Longtime defector Mladen Schwartz, until recently a member of Dobroslav Paraga's Croatian Party of Rights, prominent Croatian right-winger, has recently initiated the founding of a new party to be called the New Croatian Right [NHD]. Although the very name of the party determines its position on the Croatian political scene, it would be interesting to view this initiative from the viewpoint of its main founding father. Furthermore, being an experienced Croatian emigre politician until 1990, when he returned to Croatia, Mr. Schwartz has fought side-by-side with Bruno Busic and has been the co-author of the famous Lund Theses which were first to discuss pan-Croatian reconciliation—he is well versed in recent problems burdening our homeland.

[Grakalic] You are the president of the Steering Committee of the NHD. What are the basic principles of the party's program?

[Schwartz] We would like to make the NHD a conservative right-oriented party of rights. Right-oriented and conservative do not always have the same meaning, the right having also revolutionary connotations, while conservative reminds one of something "reminiscent of the

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past." We need a right party that not only looks toward the past, although it does take from the past everything that can be used at present and that will lead us into the future. However, it also takes new elements, so we called it the New Croatian Right, in order to show our flexibility, freshness, that we are not diehard reactionaries. [passage omitted]

[Grakalic] Are you a "crypto-fascist," as the media call you?

[Schwartz] Let me tell you something. If I were a fascist, I would definitely not be hiding and be a "crypto-fascist." I do not think much about hiding one's orientation and this is where I approach Marxist ideas, perhaps—a passage in the Communist Manifesto says that "communists despise hiding their own views and intentions and openly state that their goal is to destroy...." Consequently, it is best to be open about one's goals and ideas. Therefore, I have never been "cryptic," and in the interview you refer to, I said that fascism had its good sides as well. However, that system failed and lost the war.

[Grakalic] Why are you a right-winger?

[Schwartz] If you are against the aggression of liberalism or against the revolutionary left, then you must belong to the right. And in this century, the right means to advocate national state, strong state, strict legislature, and capital punishment, which is today also clear to former abolitionists. To be a right-winger also presupposes fighting against abortion, for, with regard to this nation, that is both national genocide as well as national suicide.

[Grakalic] So you represent extreme views on a series of important societal and political questions?

[Schwartz] I am glad to be labeled as an extremist, for one must be extreme in supporting the right cause. You cannot love half way—neither God, your wife, nor your nation. And that is why you must be an extremist. Moderate people are against that and want to make us think and act like them.

[Grakalic] You said one can choose to be a liberal, democrat, or a communist, even a right-winger. Which option prevails on the Croatian political scene at the moment?

[Schwartz] The HDZ [Croatian Democratic Community] dominates now and it is a ruling party in spite of problems, factional conflicts, and regardless of the fact that it is reconsidering its own self-reliance. The HDZ is considering whether to become a leftist, rightist, or Christian democratic party, whether to be a movement or a party. And they came to power on a most extreme national program. Adversaries of the Croatian state, those who feel nostalgia for Yugoslavia, communists—were against Tudjman, for he "wrapped himself in flags," but Tudjman cheated this nation pretending to be the most zealous nationalist, knowing that the Croats were waiting for that after Yugoslavia, Suvar, and everything else. I think the HDZ is a party of the center, and that the future belongs to the right. On the international scene, in Italy, Germany, and Russia, it is obvious that rightist parties will soon come to power. [passage omitted]

[Grakalic] Are you against democracy as advocated by the West? What do you offer instead?

[Schwartz] I am not against democracy itself. I do not think there is a system so immaculate as to be able to label all others as pure evil. In that I am a realist, perhaps, I stick to Aristotle, Plato, and other philosophers of politics, who found good and bad in every system. Democracy also has positive characteristics, I would be mad to deny that. However, there are limitations to democracy and that is why we must look for an alternative. That is particularly evident in certain moments in history that are not inclined toward democratic rule. I feel close to a Christian doctrine that the man is bad and corrupt, so all political systems are more or less bad. I think that in this day and age, democracy will not benefit the Croatian nation, and I am prepared to present arguments in support of that.

[Grakalic] You have recently mentioned that President Tudjman should introduce a dictatorship. Some took it as your unconditional support for the president. Does that mean that you really want the president to take even that authority that does not belong to him according to the Constitution?

[Schwartz] I am not such a great admirer of the style of ruling and political qualities of Franjo Tudjman. We have not been communicating for a long time now, although Bruno Busic introduced us a long time ago. I was aware of Tudjman's good and bad sides from the beginning and I thought, with his good sides in mind, that it would be acceptable if he fronted Croatian politics for a while. Tudjman has experience in dealing with Belgrade, I thought he was not naive, and he is a person of authority who can spare us the trouble of parliamentarism. We were afraid there would be 60 parties that would quibble over problems in the parliament and thus paralyze political life. However, it turned out that Tudjman made some serious mistakes. In a nutshell, he allowed unprecedented corruption—if the NHD comes to power, we will put an end to that as did other rightist regimes that knew how to deal with corruption. Furthermore, Tudjman did not want to conduct a defensive war against Serbia, our soldiers were dying as they withdrew. I brought 50 men to HOS [Croatian Defense Forces, soldiers fighting under the banner of the Croatian Party of Rights] who said they were not allowed to join regular units. Thirdly, the president was dreaming about dividing Bosnia and it is debatable whether he has relinquished that dream now under the pressure of the United States. Those were the differences I spoke about. And when I made reference to Tudjman's dictatorship in some interviews, it was not a proposal or a suggestion,

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but I put that in relation to his readiness to fill that dictatorship of his with positive connotations for the Croatian nation.

[Grakalic] Which positive connotations of dictatorship did you have in mind?

[Schwartz] First of all the militarization of the country, which he failed to introduce four years ago. Let me remind you that Tudjman wrote "War Against War," a theory of guerrilla warfare, and our brave young emigre men, Ustashas or post-Ustashas, consider it their Bible. They read it as a manual on how to liberate Croatia, but Tudjman obviously had some other nations in mind. Where was that guerrilla in Knin? If President Tudjman did what I spoke about, we could welcome his dictatorship. We cannot afford the luxury—regardless of one's views on democracy, at the time when the Croatian nation is fighting for survival—of being perverse in the parliament, as they are right now. That is a farce unworthy of both the Croatian Parliament and the Croatian nation. [passage omitted]

[Grakalic] What do you think about the "cult of human rights" which is gaining momentum in Croatia?

[Schwartz] That was one of the reasons that caused the rift between Dobroslav Paraga and ourselves. And that is why I called the Croatian Party of Rights [HSP] the Croatian Party of Human Rights. He is so much involved with his past as a fighter for human rights that it suddenly emerged as the focus of the HSP politics, while national rights and human obligations were cast aside. Human rights are a very controversial issue, we must consider particular examples in a specific historical and national context. That ideology of human rights creates an atmosphere in which everyone thinks one can do everything one thinks of, and make decisions about everything. Equality is forced upon those who are not equal and Aristotle wrote in "Politics" that equality "is good for the equal." [passage omitted]

[Grakalic] Where are Croatian borders for you and the NHD?

[Schwartz] Everybody knows that: an imaginary line connecting Subotica, Zemun, Sandzak, the Drina, Boka Kotorska forms the eastern border of Croatia and that is final. If we had wanted greater Croatia, we would have also included Carantania [province in the eastern Alps, in the early Middle Ages], Krakow or White Croatia [White or Greater Croatia, was the original homeland of the Croats, situated in northern Hungary about 610-641], Iran, where most Croats come from, Montenegro or Red Croatia. Alpine Croats live in Slovenia. Therefore, the Drina is the only real Croatian border. I know we cannot have that right now, but we must prepare for it, for we will be left just with the area around Zagreb cathedral.

[Grakalic] Do you think the Muslims, that is, Bosniaks, will agree to the Croatian border at the Drina?

[Schwartz] Why should they not agree? Croatia at the Drina, Bosnia at the Adriatic Sea. We want confederation and federation; it is imperative not to allow Serbia to spread west of the Drina. The counterargument is—they have already crossed the Drina. So, we must drive them out.

[Grakalic] What, in your opinion, are the Muslims? Croats, Bosniacs, or the Serbs?

[Schwartz] They are of course Croats, from the ethnic point of view. I respect their every possible feeling of particularity, as I know it will not last long. I had the opportunity to have long meetings with Haris Silajdzic in Zagreb and he told me: "We are the Bosniaks." He also then told me that two of his uncles were Ustashas and that we are one nation. You can always find something in common with a person like Silajdzic.

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Accession to CSCE Postponed to End of Year

LD1509110694 Belgrade TANJUG in English 0945 GMT 15 Sep 94

[Text] Prague, Sept. 15 (TANJUG)—The Conference on Security and Cooperation in Europe committee of high officials has struck off the agenda, at Greece's request, the question of membership of The Former Yugoslav Republic of Macedonia [FYROM] in the CSCE.

The Greek representative at the session, which opened Wednesday, opposed FYROM's renewed application for full membership on the grounds that nothing had changed since the previous application had been made.

FYROM's representative countered by accusing Greece of abusing the CSCE to resolve what are purely bilateral issues.

The chairman of the session, Italian Ambassador Paolo Bruni, expressed hope that the issue would be settled at the CSCE summit in Budapest later this year.

Bruni said it was likely that conditions for this would be more propitious after early elections called in FYROM for mid-October.

Greece is in dispute with FYROM over the latter's use of the name Macedonia, which Greece insists shows territorial aspirations after its own northern province of that name, and the use by the FYROM of some national symbols which Greece claims as its own. Greece has imposed a trade embargo on FYROM, and is sticking to it, despite European Union criticisms.

Foreign Minister Rejects 'Illegal' Greek Embargo

AU1409164794 Skopje MIC in English 14 Sep 94

[Text] In his interview for Macedonian Television, Foreign Minister Stevo Crvenkovski said the EU [European Union] fully supports Macedonia's [The Former Yugoslav Republic of Macedonia—FYROM] request to be granted full membership to CSCE. As for the relations with Greece, he pointed out the Macedonian position is that any dispute is resolvable through negotiations, that no illegal embargo can be a point to be negotiated nor an argument in the talks, and that no daily-political concessions can be made at the cost of the Macedonian national identity. "It is our aim to achieve a wide agreement with the Republic of Greece, which would regulate all aspects of the bilateral relations. What needs to be clarified is what Greece's real intentions are. If it is determined to help find a solution, their move with the embargo is a confusing one," he added.

Meantime, the Greek Government official spokesman, Evangelos Venizelos stated Athens has decided to introduce a "reciprocal politics towards Skopje." He added: "Greece will exchange statement for statement and step for step with Skopje."

Unoffical Census Shows 17-22 Percent Albanians

AU1309172894 Skopje MIC in English 13 Sep 94

[Text] According to unofficial information, the first census results have shown that Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] has over two million inhabitants. 67-69 percent of the inhabitants, according to the unofficial results, have declared themselves Macedonians, approximately 420,000 or 17-22 percent Albanians, whereby 300,000 are with citizenship documents, and 120,000 people from this ethnic group are without citizenship documents.

In addition, there are 80,000 Gypsies, 70,000 Turks, some 40,000 Serbs, and 8,000 Vlachs.

Otherwise, it has been announced that the first official results of the census conducted in Macedonia this year will be publicly presented on October 15, one day before the elections.

PDP Reacts

AU1409164994 Skopje MIC in English 14 Sep 94

[Text] The Party for Democratic Prosperity (PDP) regards the latest announcement of unofficial results of the census in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] by the paper NOVA MAKEDONIJA as just another attempt by the State Statistics Bureau to prejudice on the population figures in Macedonia, based on national affiliation. This is, PDP claims, opposed to the Law on Census of Population and the Group of Experts Memorandum. The constant insistence of some circles to point out the great number of Albanians with unresolved citizenship status is aimed to confirm the chauvinist thesis of the Albanians not being an autochtonous people in Macedonia. PDP will consider the results as non-valid, should the Statistics Bureau continue to obstinately refuse to employ Albanians to participate in the processing of data, upon compliance with Article 40 of the Law on Census. If the census result prove to be forged, PDP will come before the public with the exact figures, calculated in each municipality separately, the announcement concludes.

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Defense Minister Interviewed on Balkan Situation

AU1409151994 Ljubljana OSLOBODJENJE (European Edition) in Serbo-Croatian 1 Sep 94 pp 6-7

[Interview with Slovene Defense Minister Jelko Kacin by Zekerijah Smajic; place and date not given: "Everything Would Have Been Like Bosnia"]

[Text] [Smajic] The interior of the building in Kardelj Square in Ljubljana is not unfamiliar to you. What strategic tasks did you find on the desk of defense minister when you took over the position?

[Kacin] I was faced with three large issues. The first was the international activity of Slovenia whose aim is integration into the European military security system. This was closely connected with the "Partnership for Peace" project, which was signed just as I took over as defense minister. It was on the basis of this document that the first intense activities related to cooperation with NATO started. It was not easy to get to that position, as many European countries were, by inertia, placing Slovenia in the geopolitical area of former Yugoslavia. "Former" means past. That is one reason we have been working on lifting of the arms embargo imposed on the former Yugoslavia, because Slovenia is not former Yugoslavia; it is an international and legal entity. Moreover, the Republic of Slovenia has never been involved in the Bosnia-Herzegovina tragedy and never will be.

Another difficult topic I was faced with was to do with personnel issues and the accompanying "illnesses," which is logical for the Territorial Defense as it grows into an army. This required the engagement of the entire ministry in looking for motivated people and in educating and training personnel both here and abroad. We had to carry out a new personnel arrangement in the top positions and do our utmost to strengthen mutual trust.

My third preoccupation was to increase public confidence in the activities of the Ministry of Defense, as the reputation of both this department and the Territorial Defense had been compromised in the previous few months.

If the World Puts Pressure on the Serbs...

[Smajic] I hope you will not mind my asking at the very outset about your personal views and the official position of the ministry concerning the events in Bosnia-Herzegovina.

[Kacin] With all the concern about the events in Bosnia-Herzegovina, I believe both officially and personally that the answer to this unprecedented tragedy must be provided by the three sides involved, with active help or pressure from other countries in whose interest it is that there be peace in this region. The Republic of Slovenia would very much like to see unconditional peace established throughout Bosnia-Herzegovina, a political solution found, and overall reconstruction and development of the region started. We have a strategic interest in this. Any political solution in Bosnia-Herzegovina also means the decrease of tensions in Europe. In that case, those who still connect Slovenia with the former Yugoslavia, although they know that it no longer "holds," would also view Slovenia in a much different light. Another reason for our strategic interests in peace in Bosnia is the realistic possibility of economic, military, and all other forms of cooperation. There are overt interests on both sides in this respect. I think that a very good bridge for our future cooperation could also be the tens of thousands of refugees and displaced people from Bosnia-Herzegovina whom Slovenia has taken in and provided with as much hospitality as possible.

[Smajic] According to the information you have, is the cutting of the "Gordian knot" in Bosnia-Herzegovina going to take place soon?

[Kacin] That depends on the balance of military powers on the ground and the political will of the directly conflicting agents on the one side and the political will of the international powers on the other. I am minister of defense of a sovereign country that, in a similar crisis, accepted the peace initiative (the Brijuni session after the 10-day war in Slovenia), and that facilitated the process of peacefully resolving the military conflict, which has made it possible for us to celebrate the third anniversary of peace and economic development in our country. Only peace is the elementary condition for the transformation from a country at war into a country of progress.

[Smajic] Can you see the light at the end of the tunnel?

[Kacin] If the world forces the Serbian side to accept the peaceful solution as a political philosophy, then it will be possible to expect the pacification of Bosnia-Herzegovina. Whether the peace process in Bosnia-Herzegovina will stagnate or progress depends on this.

[Smajic] You mentioned the 10-day war in Slovenia. Three years later, there is still speculation that the war was a farce, as the Belgrade generals were allegedly only looking for a cause to launch a frontal attack on Croatia, and subsequently Bosnia- Herzegovina, but were not interested in Slovenia.

[Kacin] Everyone is a general after the battle and everyone has his own interpretation of the events that took place in June 1991. The former JNA [Yugoslav People's Army] received precise orders to obstruct Slovenia's way to independence, and this task, as you can see, was not carried out successfully. If it had worked in our republic, they would probably have managed to stop all the other independence processes in the former Yugoslavia, and the suffering that is now present in Bosnia would have been present everywhere. The JNA did not succeed in Slovenia because they misjudged our reaction. The generals of the Yugoslav Army quickly that, and, in panic, started looking for the possibility of "honorable" way out. We were politically mature enough to make it possible for them and the JNA ended up withdrawing from our territory as a defeated army. All the information available says that the political and military leadership in Belgrade made no

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calculations of a scenario on the peaceful process of introducing independence in Slovenia—on the contrary, they wanted to keep our state within Yugoslavia at all costs.

Scandals as Political Games

[Smajic] Having learned from this experience, Slovenia has been knocking at NATO's door, trying to hide under the umbrella of the so-called collective defense system. However, not everything has been going according to plan, has it?

[Kacin] Joining NATO would be acceptable to us if it provided guarantees that, in case our country is in danger, NATO would intervene on our behalf. There have been no such guarantees so far. You in Bosnia-Herzegovina best know what would have happened to you if you had not defended yourselves. Therefore, Slovenia must, in the long run, rely on its own defense, on its own defense capacities, economic stability, and political wisdom. It must maintain good neighborly and other relations with all the countries and international forums that increase our security.

If Slovenia wanted to join NATO, it would have to decide on it through a referendum. In order to organize the referendum, it would have to know for certain if there was a possibility for us to join NATO. For the time being, NATO has no special ambition to accept new members, and Slovenia is not on the priority list of the countries that NATO would like to have as members. This is why we signed the document on "Partnership for Peace," which, on the basis of equal partnership, facilitates cooperation with NATO. With this document we have also made possible cooperation with the countries that have signed "Partnership for Peace." We have already seen the effects of this with the Czech Republic, Slovakia, Hungary, and Albania. In this way we are strengthening our military forces, training personnel, increasing mutual trust, exchanging observers at military exercises, and, in the next stage, joint maneuvers are also possible.

[Smajic] Could the strained relations with Croatia escalate to the point where the military security of Slovenia is in danger?

[Kacin] Slovenia will continue to do everything to make our country remain an island of stability and peace in this part of Europe. We are particularly keen on good neighborly relations.

[Smajic] Slovenia cannot live without scandals—among the things that it has invented is the story about Bosnia-Herzegovina weapons being confiscated at Maribor airport. The Defense Ministry (headed by Jansa) was directly involved in the case.

[Kacin] It is evident that this scandal was used for political purposes and was launched with this aim. I do not know of a single country in the world whose defense minister so spectacularly "discovered" weapons in his own country and accused the entire state and political leadership of being involved in this trade. I am sure that Slovenia suffered great political damage because of this.

[Smajic] If Hasan Cengic's statement that the former defense minister, Janez Jansa, illegally kept a Bosnia-Herzegovina helicopter worth over $4 million is true, do you intend to return what is not Slovene?

[Kacin] This issue is a matter of agreement between the two countries. Both countries are recognized international entities that have to acknowledge the present state of international relations, which includes the arms embargo.

[Smajic] A foreign observer in Slovenia would get the impression that most Slovenes have not shown much understanding for your ideas on increasing the country's defense strength. The rumor that the Defense Ministry was buying military helicopters caused a row.

[Kacin] The issue here is primarily the political squaring of accounts with the new defense minister, who happened to take the position of the minister who had been removed from office. Jansa's followers have been having a hard time dealing with it, so they are attacking me. As far as the majority of the public is concerned, I believe that rationality prevails—most people are thinking with their heads rather than their hearts. They rightfully demand to know what the medium-term military plan is and what our budget is, and they want the procedure of selection and purchase of military equipment to be accurate. My job is to coordinate all the activities of the ministry with the decisions of parliament and the laws that are in force in Slovenia. This is what I work on every day.

People With No Identity

[Smajic] General Janez Slapar, until recently chief of staff of the Slovenian army and one of its founders, stated at one stage that certain members of the 1st Special Brigade, also called Moris, had on several occasions informed him that this formation was, under Jansa's orders, preparing a coup. Has there been such a danger in Slovenia?

[Kacin] There were such opinions, not only in public, but also in military circles. As the current minister, I can say that the Special Brigade is part of the Territorial Defense of Slovenia, and its purpose is only to defend the country. I guarantee that at present no Territorial Defense formation has any other ambitions.

[Smajic] The public in Bosnia-Herzegovina still remembers you from your brilliant waging of the information war against the former army of the SFRY. They are also sorry that in the two and a half years of war Bosnia-Herzegovina has not got its own Jelko Kacin. Was this role of yours planned?

[Kacin] The media produce the events. An event that happens without the media present is not an event. Information is the most lethal weapon, I deeply believe that. We knew that when it was necessary and you have mentioned the effects yourself. However, I think that the events in Bosnia-Herzegovina and the events in Slovenia are very

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different, primarily because the majority of the people in Slovenia are of one ethnic affiliation, while Bosnia- Herzegovina is a multi-ethnic country in which not even the language is common to everybody. In one part of Bosnia-Herzegovina Croatian is spoken, in another Serbian, and in the third part you have the Bosniak language. Hasan Cengic has stated that he recently spoke pure Bosniak in the Slovenian parliament. In the situation in which you have such complete divisions, it is not possible to be a good spokesman either.

The case of Bogic Bogicevic [SFRY Presidency member for Bosnia- Herzegovina], who certainly played an important, positive role in Belgrade before the occupation, is also very interesting. In fact, he prevented the passing of any decision that would be to the disadvantage of Bosnia-Herzegovina, decisions that would at the same time have been harmful to certain other peoples. And now the Serbs are renouncing him. The Croatian side will not take him under their wing. The Muslims are also renouncing him. In short, the man has lost his credibility through no fault of his own. This is the fate of many citizens of Bosnia-Herzegovina, as well as of other people from multi-ethnic countries. I have stated this example to illustrate the complexity of the situation in Bosnia-Herzegovina, which is not at all easy to present to the domestic and international public, to all the peoples in your country, the neighbors that surround you, and so on.

I wish Bosnia-Herzegovina peace soon, and a rapid reconstruction; I wish the people who live there and the people who are impatient to return to their homeland all the best. I would be immensely happy if the readers of OSLOBODJENJE could live to read in this reputable paper articles that do not speak about war and torture in their country, and to become involved in the trends of progress, of which they are definitely a part.

Daily Assesses Weapons Shipments to Iran

AU0509164394 Vienna KURIER in German 4 Sep 94 p 10

[Report by Franz Eder: "Arms For Iran Rolling Through Austria"]

[Text] The fire control systems for Iranian combat tanks that were seized by the Austrian customs authorities at Vienna's Schwechat airport and that originate from Slovenia were already the 13th such shipment. The value of armament equipment that is exported via Austria amounts to more than 1 billion schillings. This has been found out by KURIER in Ljubljana.

"So far, we have had no formal information that anything was wrong with our shipment. We have learned everything we know from various media": Alenka Rocaj-Brvar, president of the Slovene high- tech company "Iskra Elektrooptika," which was recently renamed "Fotona," reveals nothing. What the lady, a philosopher by training, does not say can be unequivocally gathered from the bills of lading of "Intereuropa" forwarding agents in Slovenia: "The fire control systems for the Iranian M60 combat tanks," which were simply declared as "equipment," bear the address of the Ljubljana company as the sender.

Iranian Bank as Addressee

Yet, the 10 fire control systems, which were confiscated by customs specialists on the grounds of a suspected infringement of Austrian law on the export of war material and which were to be sent to the Iranian "Markazi Jomhouri Islami" bank, were already the 13th such shipment.

According to Futona, the reason for the transit of arms through Austria is the fact that there is no direct air connection between Ljubljana and Tehran.

According to company information, Iskra Elektrooptika, a successor company to the former Yugoslav state enterprise Iskra, has built more than 11,000 lasers (for military purposes, but also for eye operations and dental treatment) and is among the world's leading enterprises in this sphere.

In 1991, Iskra Elektrooptika concluded a contract with Iran for the supply of fire control systems for M60 combat tanks and received $4 million in down payment. In January 1992, the Slovene Defense Ministry granted the export license. Franc Kosir, director of the Slovene customs authorities, emphasizes that everything was properly declared and cleared. Fotona boss Rozaj-Brvar: "For the declaration of our shipments, we have always strictly adhered to the standards issued in Brussels, according to which our products are not to be regarded as arms, but as equipment." Products of Iskra Elektrooptika have been exported via Vienna's Schwechat airport for years. The sudden confiscation of the shipment by the Austrian authorities, therefore, "needs to be cleared up."

In Alpbach Things Became Public

The Slovene armament goods were seized as early as on 22 June 1994, but the action was only made public one month later on the final day of the Alpbach Central European meeting. Federal Chancellor Franz Vranitzky discreetly passed the "alarming news" on to Slovene State President Milan Kucan, who was in Alpbach.

The Army Defense Office has meanwhile tested the efficiency of two of the confiscated fire control systems. "We do not understand," people at Fotona have said with surprise, "only in June a high-ranking delegation of the Austrian Defense Ministry visited us and received a catalogue with all the information on our developments." According to military experts in Ljubljana, the fire control system seized in Schwechat has to be regarded as the "latest development" for combat tanks. One unit is estimated to be worth about 10 million schillings, which would mean that, within the last three years, Slovenia has exported more than 1 billion schillings worth of goods to Iran via Austria.

"To be on the safe side," Fotona has meanwhile applied in Austria for a transit license for further "equipment," objects for exhibition at the international "Defendory" military fair in Athens.

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Overhaul Begins at Krsko Nuclear Power Station

AU3008160294 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 30 Aug 94

[Text] On Saturday 20 August, the Krsko Nuclear Power Station started its regularly yearly overhaul scheduled to last 42 days. The purpose of this year's overhaul is an extensive program of prevention measures on its steam generators. Currently the electricity generator and turbine, one diesel generator, the main supply pumps, valves, and the like are being checked.

This year's overhaul does not envisage the replacement of nuclear fuel, as the exploitation of the 11th fuel cycle has been approximately 50 percent. All the work is going according to schedule and without any delays.

Government Says Italian Law Violates Treaties

AU0109185694 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 1 Sep 94

[Report by Igor Juric]

[Text] The government at today's session examined the legal and political implications of Article 17 on the Italian Law on Italian Citizenship, which allows certain persons to regain their Italian citizenship who gave it up in order to obtain another one .

It is known that the deadline for applications expired on 15 August. According to Interior Minister Andrej Ster, the Italian policy of granting dual citizenship and Article 17 in particular are very unusual in international practice and also directly violate the provisions of the Paris Peace Treaty and the Osimo Agreement. Because the Italian law violates both agreements, the Slovene Government reserves the right to internationalize this problem in the event of further escalation of the Italian dual citizenship issue and inform the cosignatories of the Paris Peace Treaty about it.

The Italian law supposedly only refers to members of the Italian minority; however, only the rulings of the Italian authorities will actually show in which direction the practice will go, that is, whether Slovene citizens who do not belong to the Italian minority will also be able to obtain Italian citizenship.

If Italy adheres strictly the legal provisions, then, Minister Ster believes, only some 1,000 out of the approximately 4,000 filed applications will be processed positively. This is also the number that is being reported in the Italian press.

Asked why Slovenia had not intervened earlier, Interior Ministry Undersecretary Slavko Debelak replied that there was no need to do so until March as hardly anyone had applied until then. But the number of applications has escalated rapidly over the last two months.

Rome Meeting

AU0209101194 Ljubljana Radio Slovenia Network in Slovene 0500 GMT 2 Sep 94

[Text] Slovene Foreign Ministry State Secretary Ignac Golob and Italian Foreign Ministry Undersecretary Livio Caputo met in Rome yesterday. Italy proposed a draft agreement which the countries are supposed to coordinate prior to the Drnovsek-Berlusconi meeting. State Secretary Golob refused to sign the draft although, in his opinion, it contained positive as well as negative elements.

The central topic of the talks was the Italian canvassing of Slovenes from the Primorsko region to take out dual citizenship. Ignac Golob said that on this occasion Italy again refused to give the number of the bank account to which Slovenia could pay its compensation to the postwar Italian refugees.

The Slovene-Italian talks will continue in Rome today as the third session of the mixed Slovene-Italian property and legal commission is due to begin. Our side is led by Tone Poljsak and the Italian by (Vizenco Mano).

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Federal

International Observer Delegation Head Opens Talks

AU1509094494 Paris AFP in English 0915 GMT 15 Sep 94

[Excerpts] Belgrade, Sept 15 (AFP)—The Swedish general heading an international observer team to monitor Yugoslavia's blockade against Bosnian Serbs opened talks with Belgrade Thursday on terms of deployment, diplomats said.

General Bo Pellnas [name as received] and an initial group of six observers arrived here Wednesday [14 September] night. They will stay at the Norwegian Embassy initially, an embassy staff member told AFP.

Pellnas' meeting Thursday with authorities of federal Yugoslavia—Serbia and Montenegro—was held at the Norwegian Embassy, according to the source, who would not give the identities of the Belgrade officials. [passage omitted]

International mediator Lord Owen said in Geneva Wednesday a second observer contingent would head to Serbia on Friday. The observer mission will initially count 135 men, supplied mostly by Nordic countries. [passage omitted]

Simic, UN's de Mello View Increased Cooperation

LD1409211694 Belgrade TANJUG in English 1940 GMT 14 Sep 94

["Pool" item]

[Text] Belgrade, Sept. 14 (TANJUG)—Cooperation between Yugoslav authorities and the United Nations Protection Forces (UNPROFOR) has been stepped up in many aspects in the search for peace.

This was said during talks here on Wednesday between Yugoslav Deputy Prime Minister Zeljko Simic and Chief of UNPROFOR's Civilian Section Sergio de Mello.

Simic informed de Mello about Yugoslavia's efforts towards restoring peace in the war zones in the former Yugoslavia and finding a just and lasting solution to all questions under dispute. Simic said recent political decisions taken by the Yugoslav Government and influential political figures were evidence of principled and peace-making policy Yugoslavia has been pursuing since the outbreak of the war in Bosnia-Herzegovina.

De Mello agreed that Yugoslavia's hitherto contribution in resuming the peace process was invaluable for stabilizing the situation in the whole of the Balkans, the statement said. De Mello said that the international community viewed positively the Yugoslav policy and that an easing of the United Nations sanctions against Yugoslavia would significantly help stabilize the political and economic situation in the region.

Simic and de Mello agreed that the negotiating process should be stepped up betwen the republic of Serb Krajina and Croatia because a comprehensible solution, acceptable to both sides, could be reached only by diplomatic and political means.

Kontic Requests Renewed UNPROFOR Mandate

LD1409215994 Belgrade TANJUG in English 2107 GMT 14 Sep 94

["Pool" item]

[Text] Belgrade, Sept. 14 (TANJUG)—Yugoslav Prime Minister Radoje Kontic asked for a renewed UNPROFOR [UN Protection Forces] mandate in the United Nations Protected Area (UNPA) in Croatia and Serb Krajina.

The letter to U.N. Secretary General Butrus Butrus-Ghali, published Wednesday as an official document, said the Yugoslav Government considered it was necessary to extend UNPROFOR mandate beyond September 30, the date when the current mandate ends. "Otherwise, it would be unrealistic to expect any further progress in keeping the fragile peace and in promotion of the peace process," said the letter.

Kontic emphasized that "the results achieved by the U.N. Protection Force in peacekeeping" as well as the behaviour of Croatia "clearly indicate the need for extension of UNPROFOR mandate." Unless the mandate is extended, "the aggressive behaviour of the Republic of Croatia would endanger not only the security of the population of the UNPA but also of UNPROFOR troops, as well as annul all efforts of participants of the Geneva conference aimed at restoring a lasting and equitable peace," said Kontic.

"Namely, the Republic of Croatia has persistently attempted to politicize the current negotiations process and has, contrary to the Vance plan, opened the question of a final political settlement," the letter said. The republic of Serb Krajina declared independence from Croatia in 1991 and has been a U.N. protected area since the spring of 1992. Croatia has attacked it four times since, trying to re-establish its rule there by force of arms.

"This is clearly indicated by the recent developments, in which Croatian population in areas bordering the UNPA, obviously supported by the authorities, blocked UNPROFOR and made its work impossible, which is in direct violation of the ceasefire agreement of March 29, 1994 and the provisions of the Vance plan," Kontic said. He said that "in addition, there are permanent threats by the highest Croatian officials of the use of force as the most efficient means for resolving the problem of the UNPA."

Kontic said "the presence of UNPROFOR in the protected areas is an important factor in the creation of the necessary conditions for a political settlement of the problem." He said the Yugoslav Government would "continue to provide its full support" to achieving peace. "Yugoslavia has consistently observed its obligations from the Vance

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plan as the only valid and agreed international instrument. Yugoslavia believes that the Vance plan should be fully and consistently implemented," said Kontic.

Serbia

Poll Shows Majority Supports Bosnia Peace Plan

AU1509084594

[Editorial Report] Belgrade NIN in Serbo-Croatian on 9 September on pages 22-24 carries a 3,000-word report on the results of an opinion poll on the current political trends in the former Yugoslavia.

According to the report, entitled "Enough of Killing," the poll was carried out on 3 September and involves "200 telephone subscribers randomly selected from the entire territory of Serbia." The report also states that the "proportional representation of the village, town, and city population in the constituencies was ensured in advance." The percentage of women taking part in the poll is 51.5 percent, "which corresponds exactly to the percentage of women in the electorate."

The results of the poll are expressed in percentages and presented in several charts as follows:.

1. "The Assembly and the leadership of Serbia adhere to their view that the acceptance of the peace plan is in the interest of the Serbian people as a whole. What is your personal view on that? Is the acceptance of the peace plan in the interest of all Serbs, or should the war be pursued in order to find a more just solution?"

Peace is in the interest of all Serbs	70
Peace plan must be accepted	9
War should be pursued	12
Do not know	9

2. "Do you know what General Mladic's stand on the dispute between Radovan Karadzic and Slobodan Milosevic over the peace plan is?"

Do not know	89
Mladic favors Karadzic	7.5
Mladic favors Milosevic	2
Mladic does as he pleases	1.5

3. "In your view, which politicians, regardless of whether they are in power or in opposition, instill trust?"

	August 94	September 94
None	44.5	50
Slobodan Milosevic	39.5	33
Vojislav Kostunica	13	11
Zoran Djindjic	11.5	8

4. "The Serbian Republic and the Republic of Serbian Krajina have expressed the wish to unite with Serbia. Do you think the world would recognize such a state, or have the conditions for this not been created yet?"

The conditions for that do not exist	59
The world would recognize such a state	26
Do not know	15

5. "Russian diplomacy is playing an important role in negotiations on the future of Bosnia. Is this an expression of the traditional friendship between the Russian and Serbian peoples, or does this represent Russia's attempt to renew its spheres of interests as a major power?"

	February 94	September 94
Renewal of spheres of interest	47.5	48
Traditional friendship	28	31
Both	18	13
Do not know	6.5	8

6. "Do you think the Serbs from Bosnia differ in any way from the Serbs in Serbia, or do you think there are no essential differences?"

Differences are not essential	65.5
They differ significantly	29.5
—not further specified (13.5)	
—in positive sense for Bosnian Serbs (6.5)	
—in negative sense for Bosnian Serbs (9.5)	
Do not know	5

7. "The referendum in the Serbian Republic rejected the Contact Group's peace plan. In your view, was this the free expression of the people's will, or was the voting held under pressure from the Pale leadership?"

Expression of people's will	49
Under the pressure of RS leadership	35.5
Do not know	15.5

8. "The Orthodox Church has publicly come out against the peace plan for Bosnia. In general, should state organs take more account of the Church's position, or do you think the Church should not interfere in politics?"

Church should not interfere in politics	71
—without further explanation (19.5)	
—Church is separate from the state (46)	
—they cooked up all this (5.5)	
State should take more account of Church's stands	24
Do not know	5

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Prime Minister Cited on Economic Expectations

LD1409223094 Belgrade TANJUG in English 1716 GMT 14 Sep 94

[Text] Milocer, Yugoslavia, 14 Sep (TANJUG)—Serbian Premier Mirko Marjanovic said here Wednesday that Serbia's social product could be expected to rise about 5 percent after several years of stagnation.

The social product has been on a decline since the imposition of the sanctions against Yugoslavia in May 1992, which brought the Yugoslav economy on the verge of collapse. The Yugoslav Government on January 24 launched a program for economic recovery and monetary reconstruction, whose implementation has slashed the monthly hyperinflation of 313 million percent to nearly zero.

Opening a Yugoslav conference of economists at the Montenegrin seaside resort of Milocer, Marjanovic said the Serbian Government strongly opted for market economy and was against inflationary ways of funding the state and against a socialization of losses. He said that in the area of public spending, the government was committed to "a hardline budgetary limit" and a suspension of deficit financing from the National Bank of Yugoslavia.

The three-day conference on financial markets in the transitional period is attended by about 450 Yugoslav economists.

Marjanovic said there was a real danger coming from pressures to increase the prices of goods and services, as well as the interest rates but that the Serbian Government would deal with the problem with economic measures, rather than administrative. He announced heavier taxation of "grey economy".

He said that, in cooperation with the Yugoslav and Montenegrin governments and the National Bank of Yugoslavia, the Serbian Government would make preparations for Yugoslavia's speedy economic reintegration in the world market after the easing or, possibly, lifting of the sanctions.

Marjanovic insisted on solid sources of investment and said that the National Bank of Yugoslavia should control the optimum level of money in circulation to prevent new inflation. He said it was necessary to tighten financial discipline even if it would involve debt enforcement and bankruptcy. He said this would probably step up the circulation of money and have a more stimulating effect on the production revival than an issue of more money.

On the first day of the conference, Yugoslav economists said it [word indistinct] necessary to strengthen financial discipline and insisted that the national bank be independent from the center of political power, which would safeguard low inflation rate.

Some economists said the existing economic system still laid open to inflation, rather than boosted employment and development.

Economists said a letter on easing the sanctions, or even lifting them, could hardly be expected to improve the situation because it would also include a bill and a warning that outstanding debts must be paid.

People Fear Hyperinflation as 'Dealers' Reappear

AU1409193494 Novi Sad DNEVNIK in Serbo-Croatian 13 Sep 94 p 20

[Lj. D. attributed article: "Dealers Reappear"]

[Text] The reappearance of dealers on the streets of Kula, Crvenka, and surrounding towns has increased the price of the German mark, which had been selling for 1.25 dinars. This has disturbed citizens and brought back memories of hyperinflation. Many of them have attempted to buy foreign currency in the local banks of which there are seven—state banks, joint stock corporations, and private banks—in the Kula Commune alone. However, with the exception of the Kula branch of Jugobanka, the answer was negative.

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